## RUSSIAN PRESIDENTIAL ACADEMY OF NATIONAL ECONOMY AND PUBLIC ADMINISTRATION (RANEPA)

On the rights of a manuscript

Bagdasaryan Kniaz Mnatsakanovich

## SPECIFIC DEVELOPMENT FEATURES AND FUNCTIONING OF REGIONAL INTEGRATION ORGANIZATIONS IN THE CASE OF THE EURASIAN ECONOMIC UNION

Specialty: 08.00.14 – World economy

Annotation of the thesis for PhD in Economics

The tutor: Iordanova Veronika Grigoryevna, PhD in economics, Associate professor at RANEPA The relevance of the study is determined by the transformation of existing classical forms of linear integration models and by the necessity of adapting integration processes in the post-Soviet space to new realities, taking into account new forms, methods and approaches to integration.

Since the middle of the twentieth century to the present, the evolution of regional integration processes, which are supposed to optimize economic, social, cultural, political and other processes, has resulted in three generations of regional integration models. The current approach to regional integration has broader objectives than the previous ones, such as achieving optimization of foreign policy processes and global governance processes.

At the same time, whereas the world is witnessing the evolution of regional integration models, where the nature of integration is changing, the post-Soviet space is witnessing a relative involution, where integration processes have mainly a centrifugal nature. An extensive analysis of domestic and foreign studies has shown that shifting the imperative of international integration exclusively to the economic field limits the development potential of regional integration formations. Advanced forms of integration always require to take into account political, social, cultural-historical components.

During the development of Commonwealth of Independent States and progressive (linear) transition to the creation of Eurasian Economic Union exclusively on the classical economic basis, all existing international forms of integration (PTA, FTA, CU, etc.) have been marked with "+" and "++". Contemporary agreements on preferential or free trade, customs union, common market and economic union became so expanded that they cover areas far beyond trade or economy. Particular attention should be given to so-called "comprehensive partnership agreements," which have a far greater scope and legal depth than classical agreements on trade in goods and services and, in some cases, common markets based on the classical principle of free movement of the four factors of production.

It seems that the key feature of economic interaction between the member states of the Eurasian Economic Union is primarily the cultural and historical heritage of the peoples of these countries, traditional economic ties and territorial proximity, which requires studying the socio-cultural foundations of the integration process in the post-Soviet space.

The breakup of long-standing economic and industrial ties after the collapse of the Soviet economic system led to the creation of new trade and cooperative relations based mainly on the theory of global competitiveness, with new institutional norms and rules of the World Trade Organization (WTO) and on sociocultural and general historical imperatives. However, based on these and other realities, the EAEU sometimes faces significant disagreements and difficulties in the formation of a unified and coordinated policy in various areas of interaction.

In this regard, the macroeconomic policy formation specifics of the EAEU states and its interrelation with the processes of political modernization are of particular interest. For instance, the post-Soviet countries' economic policy formation was mainly based on the "import of institutions" strategy and, in particular, on the universal provisions of the Washington Consensus, the main principles of which are freetrading, liberal foreign trade policy, price liberalization and property privatization.

These provisions become a particularly important factor for a number of small economies of the Union, strongly dependent on the processes taking place in international politics and economics and having no opportunity to influence the world market conjuncture and institutional structure. Therefore, these countries have formed rarely stable market mechanisms, which fully depend on the trends and conditions of the world market.

All the above determines the relevance of the chosen topic and the need to study these and other interrelated problems for the development of an interdisciplinary institutional approach in the study of integration processes in the Eurasian space.

## **Development status of the research topic**

Theoretical basis of regionalization, regional integration are developed mainly by foreign scientists, including: Bela Balassa, Stephen Woolcock, Björn Hettne, A. Gamble, Karl Deutsch, A. Inotai. Inotai, Van Langenhove, James Edward Meade, D. Mitrany, A. Payne. Payne, Frederic Soderbaum, Gary Sampson, Mario Telò, L. Fawcett, Ernst Haas, Andrew Hurrell, M. Schultz and others.

Various aspects of Eurasian integration are reflected in the works of a number of domestic economists, political scientists, philosophers, as well as scientists of other profiles: I.V. Andronova (Eurasian Economic Union: potential and limitations for regional and global leadership), O.V. Butorina (Eurasian integration: potential and limitations for regional and global leadership). (Eurasian Integration: Social and Political Dimension; Features of Eurasian Economic Integration Model), Valovaya T.D. (Eurasian Integration as a Factor of Modernization), Vinokurov E.Y. (From Post-Soviet to Eurasian Integration; Pragmatic Eurasianism; Eurasian Economic Union Without Emotion; etc.), Glazyev S.Y. (Conceptual Proposals for Practical Implementation of the Greater Eurasian Partnership Idea), Gumilev L.N. (Rhythms of Eurasia. Epochs and Civilizations), Dugin A.G. (Nursultan Nazarbayev's Eurasian Mission, Foundations of Eurasianism), Inozemtsev V.L. (Eurasian Economic Union: Lost in Space), Knobel A.Y. (Eurasian Economic Union: Development Prospects and Possible Obstacles), L. S. Kosikova (Problems of Consolidation of Commonwealth Countries around Russia in Conditions of Internal Heterogeneity of the CIS Region), Y. D. Lisovolik (Geoeconomics and Eurasian Heritage), T. A. Mansurov (Nursultan Nazarbayev's Eurasian Project Realized in Life. To the 20th anniversary of the Eurasian project 1994-2014), A.A. Pakhomov (Problems of participation of EEU states in WTO activities), V.V. Perskaya. (Multipolarity - geo-economic guideline of world economy), A.T. Spitsyn (Integration project of planetary scale: Eurasian Economic Union; Global transformations and innovative modernization of economy in XXI century), V.V. Schmidt (Religious and ethno-cultural traditions of Eurasia: East and West at the beginning of XXI century), Yakovets Y.V. (The Future of Russia in the Coordinates of Eurasian Civilization), as well as other scholars.

These studies consider various aspects of regional integration in the post-Soviet space, its content, problems, prospects and directions of further development. However, it should be noted that there are great reserves for systemic and interdisciplinary research and comprehensive assessment of socio-economic and cultural and political processes in the Eurasian integration space.

**The object** of the study is the EAEU as a socio-economic and political platform in the system of regional and global integration relations.

**The subject** of the study is socio-economic relations of the EAEU member states in the process of integration, taking into account the transformation of the global economic and political situation.

Goals and objectives of the study. The main objective of the study is to identify problems, prospects of functioning, as well as to assess the level of regional integration of EAEU member states as an element of the world economic and political system of the XXI century, which is necessary for deepening mutual cooperation, development of international economic relations and contribution to global sustainable development.

The following objectives were set in order to achieve this goal:

- examine theoretical approaches to understanding the content of integration processes at regional and global levels, their evolution and distinctive features in order to determine the adequate institutional choice;
- conduct a comparative analysis of the theory and practice of modern integration groupings of the world and propose the structure of the regional "integration model", the content of its main elements;
- to consider the institutional and organizational and legal foundations of the functioning of the EAEU;
- analyze the economic aspects of EAEU functioning, including the main macroeconomic indicators, determine the prospects of EAEU development in the world economic and political systems

- identify the problems and challenges of interaction between the EAEU
   and third countries at the current stage, taking into account the impact of the
   WTO factor;
- conduct a comparative analysis of existing methods for monitoring and evaluating the "maturity" level of integration processes;
- develop methodological tools for the formation of a single integration index of integration associations;
- assess the level of regional integration of Eurasian integration space countries on the basis of the proposed methodology.

The theoretical basis of the thesis research refers to scientific and applied works in the field of international integration theories, globalization theory, institutionalism theory, the theory of cultural and historical types by N.Y. Danilevsky suggesting that each civilization develops its own idea in the field of human activity due to the originality of cultural and historical type and the impossibility to transfer the achievements of one civilization to another.

The methodological basis of the thesis follows a systematic approach. This study uses the methods of empirical research (observation, comparison, description), the method of individual and collective expert evaluations based on professional, scientific and practical experience, as well as the econometric method.

**The information base** of this study was formed by various documents of international character, materials of the leading research centers of developed countries and Russia. In particular, they include:

- the concepts of long-term socio-economic development, which, although they are recommendatory in nature, determine the general vector of development of the state and society;
- official speeches of leaders of countries and international organizations,
   including the Eurasian Economic Union, dedicated to the problems of
   international economic relations, global integration processes and
   globalization in general;

- statistical databases of the World Bank, UN, UNCTAD, WTO,
   International Monetary Fund, Eurasian Development Bank, Eurasian
   Economic Commission, Asian Development Bank and other organizations;
- official reports, press releases, agreements of international organizations,
   including memorandums, framework agreements, trade agreements, etc;
- materials from the Russian and leading global media, as well as EAEU member states.

The main research result of this study is a comprehensive identification of existing integration models with the allocation of significant factors affecting the value of integration effects, presented in the developed model-scheme of classification attributes, as well as mathematical tools for calculating the composite integration index. These tools can be used to compare integration associations, identify common patterns and individual characteristics of their development, enhance understanding of emerging trends, identify "bottlenecks" in integration development and develop proposals and recommendations for coordinating associations to improve the integration model in the direction of maximizing integration effects.

The scientific novelty of the main result of the thesis research is as follows:

- 1. We have proved that at the present stage regional economic integration acquires a hybrid nature and is determined by the classification features proposed by the author in the model-scheme, the combination of which allows obtaining several dozens of unique integration models, having a non-linear nature.
- 2. Based on the comparative analysis of the EAEU model features with the features of existing integration associations (EU, GCC, Mercosur, Pacific Alliance, NAFTA, COMESA, CAIS) carried out by the classification features developed by the author, it is substantiated that the EAEU functioning is aimed not so much at transforming the structures of national economies of member states, Increase of economic well-being (according to James Mead's theory of "customs union") and provision of their progressive development at international markets of goods and services. It is more directed at changing directions of their trade flows, expanding

positions in world economy system at the expense of increase of preferential trade volumes with third countries, which leads to decrease of positive economic effects inside the Union, and it negatively tells on the integration index dynamics.

- 3. We have developed a methodological toolkit for the formation of a composite index of regional integration of EAEU countries, alternative to the system of integration indices developed in the EEC. This index consists of 24 indicators grouped into six key areas: trade and investment integration; infrastructure integration; product (commodity) integration; free movement of labor (labor market integration); institutional and political integration; economic convergence (convergence of economic development indicators), followed by application of multidimensional statistical analysis technology of the two-step principal components procedure. Unlike most other similar systems of indicators, which assess only the level of economic development, the developed system of integration indicators is focused on the analysis of the contribution of various economic, political, social and ethno-cultural factors to the composite integration index.
- 4. The obtained aggregate values for the six areas of EAEU member states and CIS countries, as well as the calculation of the composite integration index allowed to identify the main factors contributing to the country's accession to the EAEU, its impact on the main socio-economic and political indicators, as well as the potential for the accession of new CIS countries by peak integration indicators for the relevant years. The results obtained by the author show that at the time of signing the Treaty on the Establishment of the EAEU, seven CIS states (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan) had the highest integration indices, indicating their economic, institutional and political proximity, of which only two states refused further integration, which partially refutes foreign researchers' theses about the purely political nature of the EAEU.
- 5. Analysis of the dynamics of the composite integration index for the CIS states over the reviewed period (2014-2018) reveals a trend of steady growth of indicators for such countries as Azerbaijan, Belarus, Kazakhstan and Ukraine. For the rest of the CIS and EAEU countries, there is a steady decline in the integration

index, which confirms the thesis mentioned in the second paragraph about the reduction of positive economic effects within the Union associated with the priorities of expanding positions in the world economy system due to an increase in the volume of preferential trade with third countries.

The theoretical significance of the dissertation research is determined by the interdisciplinary approach in the study of the theory and practice of creation of the Common Economic Space, taking into account the specifics of socio-economic, political and institutional conjuncture during the transition to a qualitatively new technological cycle of development and socio-economic formation.

Materials and conclusions of the thesis can be used in the development of lectures and special courses in the educational programs "World Economy", "International Economic Relations" and "Political problems of international relations, global and regional development".

The practical significance of the thesis research lies in the development of scientifically validated proposals for the successful convergence of the EAEU grouping with other states of the Eurasian Economic Space (Greater Eurasia), taking into account national economic interests (in addition to geopolitical and geostrategic).

Approbation of the study results. The main provisions and conclusions of the dissertation research were approved at the scientific conferences of RANEPA and Institute of Oriental Studies of RAS: conference "Economic, socio-political, ethno-religious problems of Asian and African countries: on the 90th anniversary of L.I. Reisner" (Moscow, Institute of Oriental Studies of RAS, 2018); conference "Economic, socio-political and ethno-religious problems of African-Asian countries" (Moscow, Institute of Oriental Studies of RAS, 2018). Moscow, Institute of Oriental Studies RAS, 2020); international conference session "Public Administration and Development of Russia: Choice of Priorities" (Moscow, RANEPA, 2017); international scientific and practical conference "Public Administration and Development of Russia: Models and Projects" (Moscow,

RANEPA, 2016); international scientific and practical conference "Russia and CIS: Geopolitical and Economic Transformation" (Moscow, RANEPA, 2014).

There are 8 scientific papers published by the author on the topic of research with a total volume of 6 p.p., including 5 articles with a total volume of 4 p.p. in peer-reviewed scientific journals from the list of the Higher Attestation Commission under the Ministry of Education and Science of the Russian Federation, as well as those included in the Russian science citation index (RSCI) on the Web of Science.

The structure of the work is determined by the goal and objectives of the study. The thesis consists of an introduction, three chapters, nine paragraphs, a conclusion, a list of references and an appendix.