



New horizons of integration processes in Central Asia

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Abstract: In this article author analyses the current bilateral; and multilateral relations in Central Asia which may let to strengthen the integration processes in the region. Activities taken by countries for developing bilateral and multilateral relations among Central Asian Republics in a zigzag form during Independence years and will of countries for further deepening integration are researched. As well as shortcomings and achievements of integration attempts taken by countries in the 1990s are considered. Taking into account the shortcomings and achievements of integration attempts as well as obstacles of integration some recommendations are suggested by analyzing integration processes in the other parts of the World.

Key words: Central Asia, economic integration, integration processes, bilateral and multilateral relations, problems and risks for strengthening integration

In last two years international relations in Central Asian region have become more accelerated, as results issues and conflicts gathered within the years solved and pushed the bilateral and multilateral relations among Central Asian countries. Unofficial March meeting in 2018 of Central Asian Presidents (except Turkmenistan) in Kazakhstan gave opportunity to try to find solutions for vexed problems like water issues, border issues and etc. such kind of activities taken by Central Asian countries returns the hope of strengthening integration processes in Central Asia. Here comes the hope to restart integration processes among Central Asian Republics (CARs) stopped after uniting Organization for Central Asian Cooperation with the Eurasian Economic Community and ceased to exist. For further researching the integration processes it should be stated the shortcomings and achievements of integration experience from the USSR collapse in 1991.

The Central Asian states have common interests in forming a single economic space, ensuring civil peace and inter-ethnic harmony, maintaining territorial integrity,

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law and order, and neutralizing the causes and conditions conducive to the emergence of social and inter-ethnic conflicts, separatism¹.

In addition, there are threats of a transnational nature, the prevention of which requires joint action. Among these threats, the most dangerous are the growth of extremism and terrorism, the proliferation of drugs and weapons, the restriction of access to the world market, scientific and technical products and the latest technologies².

In conditions when Central Asian states connect common borders, shared river basins, the once united energy systems, the network of roads and railways, the traditional internal market, there is no alternative to integration.

Especially if we consider that the implementation of integration is possible and most effective through a system of interstate multilateral agreements and treaties. In other words, positive trends in the mobilization of intraregional resources can take place under certain conditions, especially with the appropriate political climate³.

Background

Central Asia, which includes the post-Soviet countries Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan, is a region with common ethnic, historical, religious and cultural roots. It is no coincidence that after the proclamation of their independence in the early 1990s, the countries of Central Asia voiced their interest in the idea of the regional community.

In January 1994, an agreement was signed in Tashkent on the forming the Central Asian Economic Community (CAEC) between Uzbekistan and Kazakhstan, which Kyrgyzstan soon joined⁴. Countries have begun to develop and implement projects aimed at deepening economic integration in Central Asia. Economic sphere was the driving power for further developing newly independent CARs. In the first half of the decade, CARs started to develop legal base of not only economic integration, but also other spheres including political, military, security and so on as well as coordination

¹ Алимов, Равшан (2002), Арифханов Ш.Р., "Центральная Азия: геоэкономика, геополитика, безопасность". Ташкент. Главная редакция ИПАК «Шарк». Р5

² Kucharov Chori(2008) "Markaziy Osiyoning mintaqaviy integratsion jarayoni muammolari". Toshkent. O'zbekiston Respublikasi Fanlar akademiyasi "Fan" nashriyoti.. P38.

³ Зоҳидов А.А.(2015) "Марказий Осиёда интеграцион тузилмаларни шакллантириш босқичлари" "Иқтисодийот ва инновацион технологиялар" илмий электрон журнали. №3, май-июнь 2015, http://iqtisodiyot.uz/sites/default/files/magolalar/7_A_Zohidov_R_A_Yuldashev.pdf

⁴ Соглашение между Республикой Казахстан, Кыргызской Республикой и Республикой Узбекистан об учреждении Центральноазиатского банка сотрудничества и развития от 8 июля 1994 года (по состоянию на 23 августа 1996 года), http://base.spininform.ru/show_doc.fwx?rgn=25319

intergovernmental structures⁵. An Intergovernmental Council, a Council of Foreign Ministers, a Council of Defense Ministers, and a peacekeeping battalion (Centrazbat) were established under CAEC⁶.

In addition, the Central Asian Bank for Cooperation and Development was established with an initial capital of \$ 9 million US dollars. The parties even talked about plans to create a Central Asian parliament. In April 1995, in Bishkek, the prime ministers of Kazakhstan, Kyrgyzstan and Uzbekistan signed a 5-year plan for economic integration⁷. In December 1997, in Astana, the presidents of the countries signed a protocol on the formation of an international consortium on energy, water resources, food, minerals and raw materials. In 1998, the ministers of Uzbekistan, Kazakhstan and Kyrgyzstan discussed the main issues of water allocation, environment, migration policy and economic development⁸.

Tajikistan joined the group in 1998⁹ – after which the countries signed an agreement on the establishment of a hydropower consortium and agreed on common principles for creating a single market. Drawing attention to the dynamics of leadership meetings, some researchers noted that Central Asia was able to develop supranational coordinating structures that were more effective than CIS mechanisms. It should be emphasized that in view of the proclaimed neutrality of Turkmenistan, the country did not join the initiatives, but President S.Niyazov also spoke of the need to create a Confederation of the five Central Asian republics in the mid-90s¹⁰.

Despite a positive start, integration turned out to be unattainable in subsequent years. As a result of friction between countries, after the ambitious Central Asian Union, the cooperation was renamed the Central Asian Economic Community (CAEC), and then the Organization of Central Asian Cooperation OCAC (December 2001). Russia joined to OCAC in May 2004¹¹. There is an opinion that Russia was called upon to

⁵ Сафоев Содик (2005) “Марказий Осиёдаги геосиёсат” Тошкент, Жаҳон Иқтисодиёти ва Дипломатия Университети, Р76

⁶ Мухаммад-Дост, Зайнаб Европейская модель и поддержка для интеграции в Центральной Азии? Published on 06.04.2017 at: <http://www.ca-portal.ru/article:34155>

⁷ Зоҳидов А.А.(2015) “Марказий Осиёда интеграцион тузилмаларни шакллантириш босқичлари” “Иқтисодиёт ва инновацион технологиялар” илмий электрон журнали. №3, май-июнь 2015, http://iqtisodiyot.uz/sites/default/files/maqolalar/7_A_Zohidov_R_A_Yuldashev.pdf

⁸ Мухаммад-Дост, Зайнаб Европейская модель и поддержка для интеграции в Центральной Азии? Published on 06.04.2017 at: <http://www.ca-portal.ru/article:34155>

⁹ Полетаев, Эдуард “Почему далеко не все страны ЦА стремятся окунуться в интеграционные процессы” Published on 03.05.2018 at <https://www.ritmeurasia.org/news--2018-05-03--pochemu-daleko-vse-strany-ca-stremjatsja-okunutsja-v-integracionnye-processy-36270>

¹⁰ “В Таджикистане прошла международная конференция об интеграции в Центральной Азии”, 29.06.2007, <http://www.arba.ru/news/2368> accessed on 22.02.2019.

¹¹ Гусев Леонид (2011)., “Интеграционные процессы в Центральной Азии” published on 22.03.11 at <http://mgimo.ru/about/news/experts/183997/>

become a mediator in the protracted disputes between the countries themselves, which at that time turned out to be weaker than their own integration initiatives. Further, OCAC altogether united with the Eurasian Economic Community in 2005¹² and ceased to exist.

In overall, 1994 to 2005 can be characterized as the period of ineffective implementation. Numerous declarations resulted only in slow integration with no tangible results. The organization's name changed from the Central Asian Union to Central Asian Economic Community, and later to Organization Central Asian Union. Throughout the Union's existence, its major issues remained sharing water resources effectively and equitably and removing trade and custom barriers¹³.

The shortcomings and achievements of integration in Central Asia

Central Asian Republics (CARs) connect the general tasks of the transition period, which are to reform political and economic structures. In this situation, the main problems for them become the search for ways to unite efforts for the effective use of common economic potential. Only by coordinating the foreign policy strategy of the countries of CARs can ensure their national security and economic integration. In the evolution of intergovernmental relations, the countries of Central Asia went through several stages. This evolution was determined by the internal political situation in each of the republics, the personal characteristics of political leaders and the characteristics of the economy, which affected the dynamics of integration processes in the region. The CIS states inherited from the USSR a number of close relations that objectively push them to re-create a complex of economic ties of an integration type. It can be noted that as an example such spheres common energy and transport systems, networks of radio and telecommunications, oil and gas pipelines. However, it cannot be said that integration into the CARs is progressing well. The mechanisms for the implementation of agreements are still not regulated; there is no coordination of customs, credit, tax and budgetary policies.

To identify the causes of the weakness of the results of integration in the CAR, it is necessary to analyze the degree of its compliance with the conditions and prerequisites of international economic integration. In general, the integration process in the CAR is slow. This is determined by a number of reasons, the main of which are different models of economic reform and economic growth rates. The processes of

¹² Ниязматов,Абу-Али "Мирзиёев: Интеграция стран Центральной Азии" Published on 15.03.2018 at <https://regnum.ru/news/2390430.html>

¹³ Zhambekov N. (2015) "Central Asian Union and the Obstacles to Integration in Central Asia", 01.07.2015 issue of the CACI Analyst, <https://www.cacianalyst.org/publications/analytical-articles/item/13116-central-asian-union-and-the-obstacles-to-integration-in-central-asia.html>, last accessed on 17.03.19

differentiation of economic and political systems, national interests and international orientations so far prevail over the trend of integration.

Analysis of the development of integration processes within the Central Asian region allowed identifying the following positive trends in regional cooperation:

Firstly, A legal framework for the development of integration cooperation of states in the Central Asian region has been formed. Agreements on eternal friendship, cooperation and mutual assistance between Kazakhstan, Kyrgyzstan and Uzbekistan have been concluded.

On April 30, 1994, the Agreement on the creation of a Common Economic Space was signed between Kazakhstan, Kyrgyzstan and Uzbekistan¹⁴. It laid the legal foundation for the economic cooperation of the Central Asian states and envisaged ensuring the free movement of goods, services, capital, labor, and conducting a coordinated accounting, fiscal, tax, tariff, customs, and monetary policy. In order to implement this Treaty at the intergovernmental level, a Program of Action was developed on the formation of a Common Economic Space, where measures were identified to deepen the integration interaction of the member states in all sectors of the economy. This treaty should be reconsidered in order to take into account some aspects of bilateral and multilateral relations among CARs as well as countries' membership of other integration institutions.

Besides, An organizational structure has been created to deepen the interaction of the countries of the Central Asian region. In order to implement the Treaty on the Establishment of a Single Economic Space, an Interstate Council has been established, consisting of heads of state, councils of prime ministers, and foreign and defense ministers.

The following issues remain unresolved¹⁵:

1. The lack of a mechanism for the implementation of decisions. In Central Asia, as well as in the Commonwealth of Independent States, 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, recommendatory nature. In particular, the problem remains the issue of rational use of water and energy resources of the countries of the Central Asian region. In accordance with the above-mentioned Agreement on the use of input-energy resources of the

¹⁴ Соглашение между Республикой Казахстан, Кыргызской Республикой и Республикой Узбекистан об учреждении Центральнoазиатского банка сотрудничества и развития от 8 июля 1994 года (по состоянию на 23 августа 1996 года), http://base.spinform.ru/show_doc.fwx?rgn=25319

¹⁵ Шалтыков А.И. (2012) "Перспективы интеграции стран Центральной Азии" accessed on 15.03.2019 at http://www.rusnauka.com/22_PNR_2012/Politologia/1_115293.doc.htm

Syrdarya river basin, by which Kazakhstan and Uzbekistan assume obligations for guaranteed supplies of coal, fuel oil and gas to Kyrgyzstan. Kyrgyzstan, in turn, undertakes to provide water resources for the sowing period of the economy of these states.

The existence of many unsolved problems and the lack of concerted actions by all parties in overcoming them hinder the development of integration processes in the transport sector.

2. Different levels of economic development in Central Asia. The states of the Central Asian region have a multi-level and multi-speed economy, which is a deterrent in deepening the integration interaction of the countries of Central Asia. The most stable economic growth rates are observed only in some countries, which, according to the results of previous years and now, is one of the leaders among the CIS countries in terms of the growth rate of GDP¹⁶.

3. Inefficient development of mutual trade of Central Asian states. Differences in the pace and scale of economic liberalization, the low level of economic interaction between the Central Asian states have become the main factors of the ineffective development of mutual trade between them. It should be noted that the economies of the countries of Central Asia complement each other in many ways, which creates an opportunity for expanding the product range in the mutual trade of the Central Asian states. The current situation indicates the presence of many unresolved problems in regional cooperation of the countries of Central Asia, the level of implementation of decisions taken remains low. Restraining factors in the development of regional cooperation are not only the various rates of economic transformation in the countries of Central Asia, but also the introduction of all sorts of restrictions in mutual trade, the presence of high political and economic risks of investing.

4. Problems of unregulated migration of the population of Central Asia. Thus, an important integrating factor is the need to jointly solve the economic and environmental problems of the region, to consolidate the efforts of all the states of Central Asia to ensure national and regional security and to counter the global challenges and threats of present¹⁷.

Abovementioned shortcomings which were present during 1990s and even today CARs these shortcomings don't let the integration develop among countries. A recent

¹⁶ Жуков, Вячеслав (2002). "Центральная Азия-развитие, детерминированное глобализацией" Центральная Азия и Южный Кавказ: Сборник аналитических статей. Алматы: ТОО "East Point", –Р. 127

¹⁷ Шалтыков А.И. (2012) "Перспективы интеграции стран Центральной Азии" accessed on 15.03.2019 at http://www.rusnauka.com/22_PNR_2012/Politologia/1_115293.doc.htm

review of the experience with regional cooperation initiatives worldwide and in Asia concluded with nine lessons that are highly relevant for Central Asia¹⁸:

1. Building effective regional institutions is difficult, takes a long time, and requires incremental, gradual, and flexible implementation with visible payoffs.
2. It is preferable to keep the number of members in sub-regional and regional organizations manageable. Membership should be based on shared geography and common regional interests.
3. Adequate funding mechanisms for regional investments are essential.
4. Successful cooperation requires leadership at the country, institutional, and individual levels.
5. External assistance can be helpful in setting up and sustaining sub-regional institutions, but it cannot substitute for ownership of the process from within the region.
6. Open regionalism – i.e., the creation of institutions that are open to extra-regional participation and do not discriminate against non-regional economies in the long term – is the most successful strategy as demonstrated in the case of East and South-East Asia.
7. Regional economic cooperation organisations that involve ministries of finance or economy and central banks tend to be more effective than those that rely on the leadership of line ministries or foreign affairs.
8. Transparency and the engagement of the business community and civil society strengthen the mechanisms for regional cooperation.
9. Monitoring and evaluating the performance of countries under regional agreements is important, as are incentives for better compliance.

Energy sector for Central Asian countries as a driving power may push integration processes into South Asia, where CARs may get an access into world markets by seaways. Concept “Greater Central Asia” suggested by Frederik Star which considered connecting Central Asia and South Asia through Afghanistan is becoming reality.

International conference dedicated to Peace process, security cooperation and regional connectivity held in Tashkent in March in 2018. During this conference CARs support the recent progress in regional economic cooperation and connectivity projects that recognize Afghanistan as a natural land-bridge connecting Central Asia with South

¹⁸ Johannes, Linn (2012) “Central Asian Regional Integration and Cooperation: Reality or Mirage?” EDB Eurasian Integration Yearbook 2012, P102

Asia and the wider region. Economic integration of Afghanistan in the region will further contribute to lasting peace and stability in Afghanistan and the wider region¹⁹.

For the countries of Central Asia, the next decade should be decisive, or they will be able to choose a common way of integration into the world economic system with preservation of sovereignty, or remain in the role of raw materials appendages of transnational companies. Integration processes in the Central Asian region are the result of global trends in the system of international relations associated with the internationalization of social life, the growth of interdependence and the need of integrating states in strengthening national statehood, security and responding to the global challenges of our time. The implementation of these areas involves, above all, the effective development of regional cooperation of the countries of the Central Asian region. Of course, it seems that the development of the integration process in Central Asia will not be so fast and similar to Western Europe. The recognition of the gradual, consistent nature of this process, which involves a transition from simple to more complex forms of interaction with the mandatory coordination of both current and long-term interests of all participants and the interests of each integrating party with the interests of unification as a whole, should be the initial premise of the Central Asian integration concept.

Conclusion

The main strategic economic goal of Central Asia is the formation of a single economic space, a single trade and customs zone, a single monetary union and a single economic strategy. Central Asia is a supplier of valuable goods on the world market - oil and gas, ore and agricultural raw materials²⁰. The routes of the Silk Road in the XXI century will pass oil and gas pipelines for the supply of energy, both to the West and to the East. However, for the development of transit trade, citizens of Central Asia benefit from and need a common foreign economic policy, common customs and tax control, and a common system of security.

In the context of globalization, integration in the region will contribute to the military-political and economic independence of the Central Asian states on the world stage. For the rapprochement of the Central Asian states in the future, as peoples with a common history, culture, language, faith, and common economic, financial,

¹⁹ Declaration of the Tashkent Conference on Afghanistan: Peace Process, Security Cooperation and Regional Connectivity published on 28.03.2018 at <https://www.un.int/uzbekistan/news/declaration-tashkent-conference-afghanistan-peace-process-security-cooperation-regional>

²⁰ Арифханов Ш. (2006) "Формирование Центрально-Азиатского общего рынка с учетом национальных интересов Узбекистана" Экономика Узбекистан: Информационно-аналитический обзор 2005 г. -Т: Узбекистан. – Рр. 114-116.

educational, and environmental standards, there are stronger prerequisites for integration than European countries have at one time.

Among the advantages of the economic integration of the states of the Central Asian region are the growth of production; increase in the size of the market, which is especially important for countries with a small capacity of the national market; increased productivity due to increasing competition between countries; providing better working conditions; increased efficiency as a result of the spread of technological, marketing and managerial know-how; infrastructure improvement. All this as a result should promote economic growth and raise the standard of living of the population.

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