

DEVELOPMENT OF THE EAEU REGIONAL TRADE THROUGH THE FORMATION OF SOME INSTITUTIONAL AND ECONOMIC FACTORS OF INTEGRATION

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The article analyses the inconsistency of the current state of the EAEU mutual trade. On the one hand, it is characterised by low quantitative indicators and objective difficulties in increasing volumes. On the other, the current practice of increasing foreign trade by countries shows not only how to use features in a single space but also about opportunities for the protection of national entities at their national segments of the union market. Creation of the new factors of competitiveness at the present stage of integration of the EAEU requires a common approach to the formation of common markets, the use of single technical regulations of the Eurasian Economic Union, and additional growth in the mobility of existing factors of production, that has a significant impact on the increased trade in comparison with the further reduction of customs tariffs, and an additional increase in the mobility of existing factors of production.

Keywords: economic integration; regional trade; trade with third countries; Eurasian integration; free movement of goods, services, capital, labour; obstacles to trade; restrictions on free trade; exceptions to the general rules of trade; barriers to mutual access to the domestic market.

РАЗВИТИЕ РЕГИОНАЛЬНОЙ ТОРГОВЛИ ЕАЭС ПОСРЕДСТВОМ ФОРМИРОВАНИЯ НЕКОТОРЫХ ИНСТИТУЦИОНАЛЬНО- ЭКОНОМИЧЕСКИХ ФАКТОРОВ ИНТЕГРАЦИИ

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Анализируется противоречивость современного состояния взаимной торговли ЕАЭС. С одной стороны, в данной сфере сейчас наблюдаются низкие количественные показатели и объективные сложности наращивания объемов. С другой – сложившаяся практика наращивания внешней торговли странами говорит не только о преимуществах единого пространства, но и об использовании возможностей защиты национальных субъектов хозяйствования на своих национальных сегментах союзного рынка. Для создания новых факторов роста конкурентоспособности на современном этапе интеграции ЕАЭС требуется универсальный подход к формированию общих рынков, использованию единых технических регламентов ЕАЭС, ощутимо воздействующих на увеличение объема торговли по сравнению с дальнейшим снижением таможенных тарифов на дополнительный рост мобильности имеющихся факторов производства.

Ключевые слова: экономическая интеграция; региональная торговля; торговля с третьими странами; евразийская интеграция; свободное движение товаров, услуг, капитала, рабочей силы; препятствия торговле; ограничения свободной торговли; изъятия из общих правил торговли; барьеры для взаимного доступа на внутренний рынок.

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Introduction

Summarising the theoretical ideas about the integration processes in different countries, the most important and most often deployed criteria of assessment are the depth of integration, which determines the stage of rapprochement (first of all the sequence of measures for liberalisation, facilitation of mutual trade and also assuming the adoption (or not) of supranational norms and rules by states), the possibilities of economic growth and development associated with the facilitation of mutual trade (the effects of the creation and deviation of trade flows, opportunities and indicators of movement (reallocation) of production). Modern studies of integration processes highlight differences in the integration goals and effects for countries with emerging markets in comparison with developed countries. Convergence within the borders of the customs union does not always lead all participating countries to an increase in prosperity, the rapprochement is not equally favorable for their foreign trade and mutual investments, because countries differ in their starting conditions and planned goals, and for the general growth of trade there must be sectoral and infrastructure opportunities. Even free trade is not an unambiguous condition for economic growth: as empirical studies of the efforts of different countries to increase trade show, this growth can be limited by both internal and external factors. Among these factors are the monopoly of national markets and the presence or absence of policies limiting it; the effectiveness of domestic taxation and subsidies; the imperfection of labour and capital markets, which

can be expressed in the rigidity of wages to a decrease or increase in bank interest rates in the context of inflation regulation [1, p. 595–598]. Meanwhile, the Treaty on the EAEU defines among the main goals of the union the development of comprehensive modernisation, cooperation, and increasing the competitiveness of national segments of the economy which are factors in the sustainability of foreign trade growth and overall economic growth in general.

Thus, in the studies of Eurasian integration, the whole range of measures to improve the common space of trade, which was formed within the borders of the customs union, is of interest. As early as in the 1950s, Jacob Viner noted that the benefits in the customs union do not always occur, and the probability of this is greater if large economies integrate and use protectionist barriers to trade to protect important industries in their economies.

In any case, the elimination of trade barriers is not identical to the movement towards free trade, according to Jacob Viner. Depending on the sectoral structure of the union's economy, the structure of imports of intermediate goods, and the specifics of the regional division of labour, it is possible to "strengthen protection from foreign competition by lowering duties and weaken this protection by raising duties" [2, p. 702]. Thus, changes in tariff policy in any direction may lead to a decrease in imports from third countries, but it will be favorable only when trade in the united market increases and production becomes more efficient.

Obstacles to the foreign trade

In this regard, it should be noted that the modern international economy is dominated by small open economies (especially integrating ones), for which strict protectionism is in any case an impossible and expensive policy. If we consider the European or Eurasian integration of countries, the position of protectionism does not seem constructive, because they lead to the loss of the benefits of free trade with third countries, and the unification of countries into a common customs territory does not always bring the benefits of free trade between the united countries.

Summarising the results of various studies of integration directions, Alexander Knobel identifies two main motives, conventionally called creative and redistributive [3, p. 88–89]. The creative changes include those that lead to the release of mutual trade from restrictions within integration, which can be interpreted as obtaining additional resources and increasing their efficiency in the development of foreign trade relations. Any persistence of barriers to trade between the united countries generates inefficiency in the use and reproduction of resources, reduces the efficiency of their

distribution and rationality of use in the economies of the partner countries. "In the absence of such barriers to trade between countries, various sectors of the economy of a particular group of countries could produce, sell to each other, and consume large volumes of products. Removing mutual trade barriers frees up, that is, actually creates, resources that were not previously produced, which are distributed among the participants of the integration association, thereby increasing its competitiveness" [3, p. 89].

The redistributive integration changes are due to the expansion of the integration association at the expense of new member states, whose interests are in obtaining economic or non-economic benefits from the transfer of the resources of other countries in their favour. "Integration associations based on motivation of the second type are able to expand and involve new participants faster than those based on motivation of the first type, since they can offer them concrete financial benefits in the short term. However, the total competitiveness of agreements of this type grows much more slowly (or does not grow at all) than agreements

of the first type” [3, p. 89]. Thus, the EAEU is seen as an integration of the redistributive direction of development, where an increase in the overall scale of the market has limited opportunities to influence the efficiency of production and mutual trade due to structural and institutional differences in the economies of the integrating countries.

It is also a common but disputed practice to increase barriers to domestic trade. For example, the current stage of development of the EAEU is associated with the active search for ways to preserve markets for their producers by member states. The strengthening of integration initiatives is explained both by the interest of countries in specialisation in the most profitable sectors and activities, in using their competitive advantages in these areas, and the desire to preserve national markets for their producers. Each country within the integration seeks to expand markets for their own goods and services, but resolutely uses available means to limit access to national segments of the union market. And this should be seen as an opposing effort.

The Treaty on the EAEU defines among the main objectives of the union – the development of comprehensive modernisation, cooperation, and increasing the competitiveness of national economies in the global economy. On the one hand, competitiveness within the framework of integration is formed due to uniform requirements for customs and tariff foreign trade regulation, and, on the other hand, it is supported on national markets through obstacles to trade with other member states of the EAEU.

Obstacles in the internal market of the union in a separate branch (sphere of activity) of any national segment (national market of the member state) are possible because the regulation of national markets involves both supranational regulation of the internal market of the union and state economic regulation of the national segment of the internal market by the legislation of the member state of the union. It is necessary to highlight, that the law of the union provides (for application by the member states in the national segment of the internal market of the union) exceptions to the general rules of functioning of the internal market of the union:

- 1) exemptions;
- 2) measures applied unilaterally by member states in cases where such a procedure is permitted under the law of the union;

3) the restrictions provided by the legislation of the member states in cases when regulation of the corresponding legal relations is carried out according to the law of the union at the level of the legislation of the member states¹.

For example, the general principles of technical regulation set out in Art. 51 of the Treaty on the EAEU presuppose the establishment of uniform mandatory requirements in the technical regulations of the union or national mandatory requirements in the legislation of the member states for products included in the unified list of products for which mandatory requirements are established within the union. At the same time, the application and execution of technical regulations of the union in the member states without exceptions is required and the establishment of excessive barriers for conducting business activity; obstacles for the formation and functioning of the internal market of the union are not allowed. As a rule, obstacles are expressed in the presence of requirements or prohibitions regarding the free movement of goods, services, capital, labour, as well as mutual access of business entities to the market of the member states². Within the framework of any integration, there may be such requirements or prohibitions that will act in order to limit the level of competition of importers with domestic producers.

The resolution of the Board of the Eurasian Economic Commission No. 152 of 14 November 2017, approved the Methodology for dividing obstacles in the internal market of the Eurasian Economic Union into barriers, exemptions and restrictions. According to this resolution, obstacles in the internal market of the union are divided into barriers, exemptions, and restrictions.

Word “barriers” refers to “obstacles to the free movement of goods, services, capital, and workforce within the functioning of the internal market of the union not corresponding with the law of the union”, in other words, “the standards prescribed by union law”³. Barriers to mutual access to the domestic market are the most tangible obstacle to the formation of single or common markets of the EAEU, because they do not comply with the law of the EAEU, and the presence of exemptions and restrictions is permissible, although it should be minimal⁴.

Exemptions allow the member state not to apply the general rules of functioning of the internal market of the union, they are provided by the law of the union exceptions (derogations) from the general rules of free

¹ Доклад Евразийской экономической комиссии о ситуации по устранению препятствующих функционированию внутреннего рынка Евразийского экономического союза барьеров для взаимного доступа, а также изъятий и ограничений в отношении движения товаров, услуг, капитала и рабочей силы. М. : ЕЭК, 2015. С. 24–25.

² Ibid. P. 22–23.

³ Барьеры, изъятия и ограничения Евразийского экономического союза : доклад Евраз. Эконом. комиссии [Электронный ресурс]. URL: <https://barriers.eaeunion.org/api/info/document/38/file> (дата обращения: 10.02.2018).

⁴ Аналитический доклад Евразийской экономической комиссии о ситуации по устранению препятствующих функционированию внутреннего рынка Евразийского экономического союза барьеров для взаимного доступа, а также изъятий и ограничений в отношении движения товаров, услуг, капитала и рабочей силы. М. : ЕЭК, 2015. С. 27.

movement of goods, services, capital and labour in the functioning of the internal market of the union. Exceptions to the general rules protect the common market from the results of measures imposed most often by member states unilaterally, albeit in accordance with the law of the union⁵.

“Restrictions are obstacles to the free movement of goods, services, capital, labour within the framework of the functioning of the internal market of the union, arising from the lack of legal regulation of economic relations, the development of which is provided by the law of the union”⁶. Restrictions on free trade arise as a result of the lack of legal regulation of economic relations in the law of the union or absence of the developed law of the union, and also due to the analysis of law enforcement practice of the contradictions between law union⁷.

In fact, it remains important to consider any obstacle in mutual trade not only as an opportunity to

protect the domestic quality of consumption but also as a possibility of excessive restrictions on access to the domestic market of other producers of the union state. Despite the fact that the requirements often relate to compliance with either union norms of technical regulations, or national (they lead to a restriction of access of producers of one union state to the market of another union state, for domestic producers of which) this is an additional opportunity to expand sales, the implementation of which may result in monopoly power or dominance.

In the conditions of the formation of uniform requirements of non-tariff character in foreign trade of the union with the third countries preservation of obstacles in regional trade can be regarded as restriction of freedom of movement of goods. In addition to domestic producers, who are protected by additional domestic barriers to trade, and who benefit from market access, domestic consumers are the losers.

The state of the regional trade in the EAEU

Regional trade of the EAEU is not a rapidly developing phenomenon: we see that all participating states within the Eurasian integration seek to expand markets for their goods and services, but with full determination to use available means to limit access to national segments of the union market. The statistics of mutual trade provided by the Eurasian Economic Commission gives information that there is no stable trend towards the growth of regional mutual trade, and periods of its slowdown or decline prevail:

1) thus, in 2016, mutual trade decreased to 94.2 % compared to 2015;

2) increased in 2017 to 127.3 % compared to 2016⁸;

3) its growth rate slowed down: mutual trade for the period January – September 2018 amounted to 110.1% compared to January–September 2017;

4) mutual trade for the period 2019 amounted to 102.3 % compared to 2018⁹;

5) mutual trade for the period January – June 2020 decreased to 82.7 % compared to January – June 2019¹⁰.

The largest contribution to the volume of mutual trade was made by the Russian Federation (about 65 %), the Republic of Belarus (about 25 %), and Kazakhstan

(about 10 %) for a number of analysed periods from 2015 to 2020¹¹.

Thus, all these statistical observations show that the contribution of the Russian Federation to the EAEU trade is significant, but the importance of trade with the EAEU for Russia is low (see the table). The fact that Russia has a greater foreign trade turnover with the EU countries (by 2018 it was 42.7 % of the total turnover) than with the EAEU countries (8.1 %, respectively) means not only Russia's dependence on trade with the EU. This objectively demonstrates the fact that the common market of the EAEU without the market of the Russian Federation is much less capacious than the EU market, so the share of the EAEU in the structure of Russian foreign trade turnover is insignificant. Technically, if the markets for goods and services of the EAEU were uniform for the origin of the goods, and the national segments had intertwining trade and cooperation ties with each other, then general factors of competitiveness would form in the economy, and the foreign trade of the EAEU would have common factors of growth, but producers EAEU countries compete with each other both in the markets of third countries and in the EAEU.

⁵Барьеры, изъятия и ограничения Евразийского экономического союза : доклад Евраз. Эконом. комиссии [Электронный ресурс]. URL: <https://barriers.eaeunion.org/api/info/document/38/file> (дата обращения: 30.03.2019).

⁶Ibid.

⁷Ibid.

⁸Об итогах взаимной торговли товарами Евразийского экономического союза. Январь – декабрь 2017 года [Электронный ресурс]. URL: http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/tradestat/analytics/Documents/2017/Analytics_I_201712_180.pdf (дата обращения: 19.12.2019).

⁹Об итогах взаимной торговли товарами Евразийского экономического союза. Январь – декабрь 2019 года [Электронный ресурс]. URL: http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/tradestat/analytics/Documents/2020/Analytics_E_201912_180.pdf (дата обращения: 19.09.2019).

¹⁰Об итогах взаимной торговли товарами Евразийского экономического союза. Январь – июль 2020 года [Электронный ресурс]. URL: http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/tradestat/analytics/Documents/2020/Analytics_E_202007.pdf (дата обращения: 16.12.2019).

¹¹Объемы, темпы и пропорции развития взаимной торговли государств – членов ЕАЭС [Электронный ресурс]. URL: http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/tradestat/tables/intra/Documents/2019_180/201912_1.pdf (дата обращения: 16.12.2019).

Table

**Foreign trade turnover of the Russian Federation with the main partner countries
in the EU and the EAEU in 2015–2019¹²**

Year	2015		2016		2017		2018		2019	
Unit	Mln US dollars	% to total	Mln US dollars	% to total	Mln US dollars	% to total	Mln US dollars	% to total	Mln US dollars	% to total
Foreign trade turnover of the Russian Federation	526 261	100	467 753	100	585 319	100	688 115	100	666 558	100
With far abroad countries	460 206	87.4	411 066	87.9	512 296	87.5	607 292	88.3	586 179	87.9
China (the first trading partner)	63 553	12.1	66 108	14.1	86 975	14.9	108 284	15.7	110 919	16.6
With EU countries	235 828	44.8	200 392	42.8	246 593	42.1	294 167	42.7	277 796	41.7
Germany (the second trading partner)	45 792	8.8	40 709	8.7	49 966	8.5	59 607	8.7	53 161	8.0
With the EAEU countries	42 385	8.1	39 028	8.3	51 526	8.8	56 070	8.1	57 344	8.6
Belarus	24 219	4.6	23 457	5.0	30 657	5.2	33 999	4.9	33 346	5.0
Kazakhstan	15 570	3.0	13 039	2.8	17 482	3.0	18 219	2.6	19 622	2.9

The first trading partner of the Russian Federation, both in export and import supplies, for the analysed period of 2015–2018, is China. It could be mentioned that the EAEU countries lose in the most capacious market of their main trading partner which is the Russian market both the EU and China due to the objective circumstance of the insignificance of their economic and trade scales. Currently, China is the main trading partner of the EAEU with a foreign trade turnover of more than 126 bln US dollars in 2018 (with an equal volume of imports and exports) or 16.5 % of the total foreign trade turnover¹³.

Belarus and Kazakhstan, first of all, have the largest share of their exports in the Russian market, and mutual trade in the EAEU is growing in these two areas of trade (Russia – Kazakhstan, Russia – Belarus), and the growth of Chinese imports to the Russian Federation for both countries is painful, although imports of Chinese goods are increasing everywhere in the EAEU countries in recent years. Even for Belarus, China is turning in 2015–2017. In the second trading partner for the supply of its imports, while being the first trading

partner of the Russian Federation in both export and import supplies for the analysed period 2015–2018¹⁴.

At the same time, this fact can mean for the EAEU the absence of the effects of crowding out foreign trade with China, the absence of an effective substitution of trade with internal analogues of the EAEU production. On the one hand, this is the preservation of the efficiency of the existing trade flows, which are not replaced by the mutual trade turnover of the EAEU; on the other hand, it is the complexity of the formation of new trade flows (the absence of trade creation effects in this direction), the effectiveness of which we cannot talk about, because these flows do not exist.

The importance of the EU in the foreign trade of the EAEU is confirmed by the fact that the European Union is the main buyer of goods exported by the EAEU (39.4 % of total exports). The main share of exports of the EAEU member states (84.1 %) falls on intermediate goods, of which energy products account for 55.6 % of total exports, and other intermediate goods – 28.5 %. The imports of the EAEU member states from third countries are dominated by intermediate (44 % of

¹²Беларусь в цифрах, 2018. Минск : Нац. статистич. комитет Респ. Беларусь, 2018. 72 с. ; О состоянии внешней торговли в 2016 [Электронный ресурс]. URL: http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d01/35.htm (дата обращения: 19.03.2019) ; О состоянии внешней торговли в 2018 году [Электронный ресурс]. URL: http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d04/35.htm (дата доступа: 19.03.2019) ; Внешняя торговля России с Беларусью за 9 месяцев 2019 г. [Электронный ресурс]. URL: <https://russian-trade.com/reports-and-reviews/2019-11/vneshnyaya-torgovlya-rossii-s-belarusyu-za-9-mesyatsev-2019-g/> (дата обращения: 16.12.2019).

¹³Об итогах внешней торговли товарами Евразийского экономического союза. Январь – декабрь 2018 года [Электронный ресурс]. URL: http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/tradestat/analytics/Documents/2018/Analytics_E_201812.pdf (дата обращения: 17.03.2019).

¹⁴Внешняя торговля Республики Беларусь, 2018. Минск : Нац. статистич. комитет Респ. Беларусь, 2018. С. 67–69.

total imports) and consumer (30.4 %) goods, the share of investment goods is 21 % which explains the technological and investment dependence on the EU¹⁵.

These are the structural characteristics of the EAEU foreign trade: the capacious Russian market is a source of redistributive factors and motives for integration into the EAEU. It can be assumed that the preservation of the importance of trade with China and the EU, i. e. old structural ties, is the result of the effective distribution of resources spent on the production of exports to third countries – there is no reorientation of previous trade flows to reciprocal, in fact, integration agreements.

The persistence of obstacles in regional trade can be regarded as a restriction on the freedom of movement of goods within integration, which preserves the importance of its markets for each national segment of the EAEU. The customs union, in fact, increases the total size of the protected sales market for each national economy, but opportunities to use this should also ex-

pand – national segments lack a tangible increase in the mobility of factors of production (labour and capital) between the member countries of the union, opportunities for common markets.

The general conclusion of our research is that the signed agreements are the infrastructure that will create opportunities for relations between countries, for trade and business, and for economic growth. First of all, we are talking about the treaty on the EAEU, the Customs Code of the EAEU. But the insignificant growth of mutual trade of the EAEU allows us to draw conclusions about the insufficiency of only institutional support for the growth of integration. In our opinion, the presence of obstacles will decrease when mutual trade will be more intra-industry – that means that it should be built around increasing the flow of intermediate goods in order to ensure cooperation, and the effectiveness of the final export results will depend on the effectiveness of partners in the single EAEU market.

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