

## Interregional Cooperation in the Emerging Eurasian Economic Space



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**Abstract.** In 2015 the Treaty on the Eurasian Economic Union entered into force and presented a new stage of reintegration of the countries on the territory of the former USSR. The success of this project will depend not only on collaboration at the national level, but also on the degree of the EEU countries' involvement in the integration process. The academic debate on this issue is a relevant and practically important task. The article highlights the results of the international online-conference "Interregional cooperation in the emerging Eurasian Economic Space", conducted by the Institute of Socio-Economic Development of Territories of RAS June, 16–20 2015. It considers the issues associated with interregional trade and economic cooperation, interaction in the sphere of science and innovation and various aspects of humanitarian cooperation. It raises important problems of cross-border cooperation of the EEU states. The article makes a conclusion about the need to develop the integration process both in scope (through expanded directions of cooperation, which should not be limited only to contacts at the highest political level or trade partnership) and depth (through involvement of regions, enterprises, different social groups, individual citizens).

**Key words:** international cooperation, integration, Eurasian Economic Space, interregional relations.

January 1, 2015 the Treaty on the Eurasian Economic Union (EEU) replaced the Treaty on the Establishment of the Eurasian Economic Community (EURASEC), adopted in 2001. It marked a new stage of reintegration of the states on the territory of the former USSR. The EEU includes Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

The Union seeks the goal of comprehensive modernization, cooperation and enhanced competitiveness of national economies and creation of conditions for the stable development in the interests of raising living standards of the population will depend not only on collaboration at the national level, but also on the degree of the EEU countries' involvement in the integration process. The academic debate on this issue is a relevant and practically important task.

In the period from 16 to 20 June 2015 the Institute of Socio-Economic Development of Territories of RAS held an international online-conference "Interregional cooperation in the emerging Eurasian Economic Space" on the special ground (<http://eeu-conf.isert-ran.ru/>). There were over 20 reports in 3 thematic sections:

1. Experience, problems and prospects for interregional trade and economic cooperation within the Eurasian Economic Union.
2. Cooperation in the sphere of science and innovation – a factor to increase regions' competitiveness within the Eurasian Economic Union.
3. Humanitarian cooperation – expansion of conditions to develop human potential of regions in the Eurasian Economic Space.

The article summarizes the main results of the event.

The cooperation of countries forming the Eurasian Economic Space has many aspects. It affects not only trade or political relations, but many other areas as well. The broad range of issues concerning the cooperation between countries and regions of the Eurasian Economic Union was presented by the conference participants.

Chief Research Associate of the Institute of Socio-Political Research of RAS Doctor of Philosophy, Professor E.M. Andreev reviews current Eurasian integration processes: theoretical-methodological and practical aspects of the implementation. The economic regionalization in the post-Soviet space is characterized by the fact that it involves newly independent states (NIS) – parts of the single state in the past. The post-Soviet integration processes are influenced by many factors, such as: high economic and social divergence of NIS; incomplete identity formation of most new countries, existing historical conflicts and contradictions; significant institutional differences between countries together with the high level of management centralization; Russia's economic dominance in the post-Soviet space together with its technological weakness; fuel and raw material economy specialization of the leading countries in the region; underdeveloped infrastructure together with the great length of space, etc.

Associate Professor of the West Kazakhstan Agrarian-Technical University Named Zhan-gir Khan, Ph.D. in Economics G.A. Aiesheva

touches upon the issues of potential and prospects of innovative cooperation of the EEU countries. She makes a conclusion about the necessity to boost innovative activity in educational institutions, provide scientific-technological support of innovative activity and promote integration of science, education and production. In this regard, the scientific community of the EEU countries should actively establish ties to exchange experience, train students, improve personnel's qualification and cooperate with manufacturers. For example, Kazakh specialists want to learn about the best proposals and projects to develop renewable energy sources and raise their economic efficiency. According to the scientist, the implementation of the Interstate Program for Innovation Cooperation of CIS Member-States for the Period until 2020 can ensure effective interaction of national innovation systems in the innovative space and mobilize existing scientific and technical potential.

Innovative cooperation is also elaborated in the report of ISEDТ RAS Senior Research Associate Ph.D. in Economics M.A. Lastochkina, analyzing the modernization level in the EEU countries. She concludes that successful functioning of innovative economy in these countries requires the presence of national innovation systems of institutions and social practices, creating real opportunities for the development of innovative type. For the purpose of modernization the countries should consider and implement the ways to boost the competitiveness of industries, mainly due to

the development of innovation. It will ensure the effective inclusion of EEU countries in the global economic system.

ISEDТ RAS Junior Research Associate I.V. Kuzmin evaluates the interregional cooperation in the sphere of innovative activity and the critical directions of its development. There are advantages of international innovative cooperation within the Eurasian Economic Union, such as a lack of a language barrier and geographical proximity. The researcher proposes tools of Russian-foreign partnership; particularly, to use the potential of both regional and national programs and innovative infrastructure networks aimed at the encouragement of international innovative cooperation.

Professor of Novosibirsk State University of Economics and Management, Ph.D. in Philosophy L.M. Kochetova considers the opportunities and prospects for international trade cooperation within the Eurasian Economic Union through the development of exhibition activity. According to the scientist, today the exhibition business of the Eurasian Economic Union has a trend to unite the participating countries' efforts in holding expositions and focus on narrow thematic solutions. The EEU forms expo-space, characterized by the promotion of trade collaboration in the context of world economy globalization and the exhibition market. The features of exhibition activity of the Union are the following: integration in different markets and inseparability from other sectors of the economy. For the EEU integration it

is important for the countries to interact in the process of preparation and holding of the world exhibition “EXPO-2017” in Astana.

Senior Research Associate of the Institute of Socio-Political Research RAS Ph.D. in Sociology, Associate Professor I.A. Selezneva analyzes the experience of social integration in Europe: lessons and prospects for the Eurasian Economic Union. According to the researcher, the following principles are in favor of the European social model: social justice, social security, social solidarity, competitive economy, economic progress, ecology favorable for society, democracy and human dignity. However, the European Union integration in the sphere of social policy lags behind economic and political convergence. This should be considered when building an integration model of social policy in the EEU countries, because the situation corresponds to the early stages of European integration development, when insufficient attention was paid to social policy. At the same time, the complex international situation, certain EEU member states are experiencing nowadays, dictates the need to increase social solidarity and reduce social tension.

The opportunities for social interaction of the EEU member countries in the interests of improving living standard of the population are described in the report of ISPR RAS Deputy Director for Science, Sector Head Doctor of Sociology, Professor G.I. Osadchei. In her opinion, the success of Eurasian integration is determined by the social formation of the Eurasian Economic

Union and the effective social interaction of its member states. The scientist makes a conclusion about the necessity to realize the supranational social policy model, which is a system of interrelated social actions, carried out under the supranational integration association strategy. It stipulates the role of actors of supranational and national social policy, the nature of social and labor relations, principles of redistribution of national revenue, provision of decent living standards in the conditions of market economy, mitigation of risks to enhance the level and quality of life of population in integration associations. This model includes general elements of social policy characteristic of the EEU countries, but different from other integration associations. Its normative base sets minimum values of indicators, standards of social well-being and justice in the EEU. The author finds it fundamentally important to approve the normative notion at the EEU level that social policy that implements the principles of social justice and social alignment contributes to the achievement of the economic EEU goals.

ISED T RAS Junior Research Associates T.S. Solov'eva and A.V. Popov study the demographic factor impact on the provision of Russia and Kazakhstan's economy with labor resources. They conclude that in Kazakhstan all regions are characterized by labor-surplus, mostly due to low skilled workers and acute shortage of highly qualified specialists. Russia lacks both low-and highly skilled workforce.

Russia and Kazakhstan, having different demands in staffing, can eliminate the shortage of personnel in some specialties but for barriers to employment. This problem can be solved in the framework of the Eurasian Economic Union by forming a common labor market at the expense of foreign labor force. In addition, it is possible to intensify the activities promoting academic and educational mobility among young people of Russia and Kazakhstan by enhancing the quality of educational programs and expanding education quotas for students from other countries.

Senior Research Associate of the Institute for Regional Economy Problems of RAS Ph.D. in Engineering N.N. Shestakova discusses the interstate migration of the EEU member states citizens with training purposes. This type of migration contributes to the integration of national education systems and private national educational institutions into the world educational space and the enhancement of their competitiveness through the training quality improvement. This provides the economy with the personnel having relevant modern skills and trained for innovative development and expanding scientific potential of the territories. Today in the EEU countries we observe both incoming and outgoing mobility; they mainly import English educational products, offering certain educational programs for young people from developing countries and neighboring countries. In this regard, it is relevant to develop interstate academic mobility.

The speech of ISED T RAS Research Associate Ph.D. in Economics M.A. Golovchin is devoted to the formation of public-private partnership mechanisms in vocational education in the framework of the Eurasian Economic Union. Considering the experience of Russia and Kazakhstan, the speaker finds out significant differences in the implementation of public-private partnership in the professional education systems of 2 countries. If in Kazakhstan the cooperation of business and educational institutions has broad legislative, institutional and infrastructural support, in Russia the narrow interests of business in the cooperation with educational organizations under public-private partnerships makes this institution quite formal and ineffective.

The speaker proposes directions for Russia-Kazakhstan cooperation, such as methodological assistance in the formation of organizational basis of public-private partnership in the sphere of tertiary education. This direction of interaction can be identified as addendum to the Agreement between the Government of the Republic of Kazakhstan and the Government of the Russian Federation about cooperation in the field of culture, science and education of March 28, 1994. This cooperation can be provoked by the set up of the Council on Educational Collaboration at the Russian Center of Science and Culture in Kazakhstan. It can be responsible for the conduct of seminars and conferences to exchange experience of social partners in training skilled personnel for the economy (with participation of heads

of educational institutions and specialists of Kazakhstani centre of public-private partnership), hold exit sessions of the Board in Russian and Kazakh colleges and universities.

The education trends in the EEU countries are analyzed in the speech of ISEDT RAS Laboratory Head Ph.D. in Economics G.V. Leonidova and ISEDT RAS Research Associate Ph.D. in Economics K.A. Ustinova. It is advisable to use more deep cooperation forms, which will lead to the harmonization of national priorities in the scientific and technological sphere and the creation of institutional and financial mechanisms in the form of international foundations supporting research and innovative projects. The authors specify key directions for the EEU states cooperation in the educational sector, such as: improvement of the content, forms and methods of education at all levels of training; elaboration of agreed indicators for education quality monitoring; harmonization of educational programs to simplify the procedure for mutual recognition of certificates; organization of joint training, internships and further training of the personnel; conduct of joint studies; implementation of the mutual examination of scientific, scientific-methodical, educational products, normative documents in the field of education.

The interaction of integration and language processes in the post-Soviet space of Central Asia is covered in the speech of ISEDT RAS Senior Research Associate Ph.D. in History

O.B. Molodov. He emphasizes that the integration dynamics correlates to ethnic and language processes in Central Asia. There is a general trend of gradual decline in the role of Russian in the region, mainly due to the decline in the share of Russian-speaking population. The gradual isolation of certain Asian countries from the achievements of Russian culture, education and scientific knowledge hinders the development of integration processes in the region, the legalization and obtainment of decent employment by labor migrants in Russia – a large labor market for immigrants from Kyrgyzstan, Tajikistan and Uzbekistan.

The deepening of integration relations and the Eurasian Economic Space stability involves both the development of ties at the interstate level and the participation of regions of the EEU states in this process.

Senior Research Associate of the Institute of Socio-Economic and Energy Problems of the North Komi Scientific Centre, Ural Branch of the Russian Academy of Sciences Ph.D. in Economics, Associate Professor T.Yu. Mikusheva discusses the state and prospects of interregional cooperation of the RF Northern region in the Eurasian Economic Space. She comes to the conclusion that the regions should focus on the use of all domestic resources for the development of infrastructure and education, the support of innovation and small businesses, the implementation of necessary structural transformation of the economy, the improvement of business climate and the rise of entrepreneurial

activity and local initiatives. On this basis higher quality foreign investment can be achieved; local entrepreneurs can take the lead in the search for and attraction of foreign investors or become decent partners or competitors. This will widen the participation of various business entities and the scale of the Eurasian Economic Union's activities in the integration process.

ISED T RAS Research Associate Ph.D. in Economics E.V. Lukin considers the issues of interregional trade and economic cooperation within the Eurasian Economic Union, an essential resource for deepening economic integration, such as: creation of a single international informational portal in the field of interregional cooperation; allocation of funds for interregional projects implementation; establishment of interregional institutions focused on investment development; conduct of the measures to forge business contacts; formation of specialized structures in the system of state bodies, responsible for the development and coordination of interregional relations; organization of training seminars on interregional cooperation.

S.S. Balyuk, an external Ph.D. student of the Economic Theory Department at the Faculty of Economics of the Belarusian State University, having studied the issues of innovative clusters formation in the industrial complex of the Grodno Region of the Republic of Belarus, makes a conclusion about the possibility of creating international clusters to improve the competitiveness of the entire Eurasian Economic Space.

The significant number of reports is devoted to the topical issues of cross-border cooperation of the EEU countries.

Associate Professor at the Belgorod State University Ph.D. in Economics V.A. Sapryk discusses conceptual approaches to the study of regional cross-border cooperation and proposes to identify the cross-border interaction system as not linear, but as emergent, self-organizing and acquiring new quality and new features. The cross-border interaction system is not limited only to a border region or summation of socio-economic indicators of these regions; it acquires new essence in the social landscape of the bordering countries.

Chief Research Associate of the Institute for Regional Economy Problems of RAS Doctor of Economics, Professor N.M. Mezhevich analyzes the factors in the evolution of economic space and their influence on the development of agglomerative bonds at the Russian-Belarusian border. In the past two decades there emerged a new configuration of cross-border interactions at the Russian-Belarusian border. This economic space is characterized by its relative homogeneity; the economic development level is quite low there. Therefore, cross-border cooperation is not so strong and does not have such a variety of forms, as, for example, between Russia and the EU. In the practice of Eurasian integration it is unlikely to expect significant growth of small towns along the border (as happened, for example, in Lappeenranta, Finland). In this situation the key strategic

guidelines can be identified, such as increasing economic stability of the integration unit on the basis of production cooperation, improving competitiveness of products and expanding markets.

At the Russian-Belarusian border it is possible to form separate local integration zones. The scientist singles out agglomerations, located at the border area and having transboundary impact on the development of small towns there, such as Vitebsk and Gomel in Belarus and Smolensk in Russia. It can be promising to develop paired towns: Surazh – Kastsyukovichy, Rudnya – Liozna, Velizh – Surazh. The extension of the regions' involvement in the communication channels and the provision of appropriate transport infrastructure are critical problems. It can give an impetus to the economic development and improve the connectivity of economic space.

The role of the border position as a factor to increase competitiveness of Russia and Kazakhstan is disclosed in the speech of Department Head of Institute of Economics and Industrial Engineering of the Siberian Branch of the RAS Doctor of Economics, Professor A.S. Novoselov and IEIE SB RAS Leading Research Associate Ph.D. in Economics, Associate Professor A.S. Marshalova. According to the authors, the possibilities of Kazakhstan–Russia cooperation in the interests of the population living at the border are used insufficiently, despite the fact that the top leaders of 2 states take measures to strengthen comprehensive

cooperation of these countries. Additional opportunities for the development of small and medium-sized business appear on these territories.

The most promising areas of cooperation are the following: innovation in agriculture; cooperation in the field of education and medical care; recreation and tourism (development of joint tours with the use of national color, historical monuments, equestrian tourism, etc.); establishment of regional modern transport and logistics centers; and cooperation in the field of culture and sport (days of culture and school tours exchange, regular sport competitions, exhibitions exchange, etc.).

It is necessary for local communities to understand that such cooperation is mutually beneficial and its development leads to the increased level and quality of life in these areas. The border with a friendly country is an additional factor of competitive advantage. Cross border collaboration should be systematically organized.

Master of the Russian Academy of National Economy and Public Administration under the President of RF (RANEPA) K.I. Serezhkina and Doctor of Political Science, Professor of the RANEPA V.V. Ogneva's speech "Cross-border ties as a key direction of the RF foreign policy (case study of the Bryansk Oblast)" arouses great interest. The development of cross-border cooperation requires the improved normative-legal base and the elaborated legal mechanism regulating

interaction of adjacent territories at the level of municipal formations and territorial corporations and the search for the ways to restore and strengthen new relations between the border regions. This can only be achieved by raising the role of cross-border cooperation and increasing attention to the problems of Russian border regions. To solve these problems, it is necessary to intensify activities of the public administration bodies responsible for cross-border ties. It is sensible to improve budgetary and other tools of regional policy and coordinate certain budgetary, tax, customs, border and other events that ensure the development of border areas. The stable and predictable political course and socio-economic development of the country should contribute to further development of cross-border cooperation.

Junior Research Associate of the Institute for Regional Economy Problems of RAS N.A. Roslyakova assesses economic effects of integration for the cities located at the Russian-Belarusian border. The researcher makes a conclusion about more active inclusion of the Republic of Belarus in the integration processes, managed to get some positive results. Having strengthened export specialization, the Mogilev and Gomel regions were able to enter new industries and markets not only in the immediate neighborhood. Institutional reorientation to meet new conditions occurred. Ultimately this resulted in the faster growth of wages in the region.

Associate Professor of V.N. Karazin Kharkiv National Ph.D. in Geography P.A. Chernomaz presents the experience and problems of cross-border cooperation on the EEU borders on the example of “Slobozhanschina” Euroregion. The conclusion highlights that over the last decade Ukraine and the Russian Federation formed the legal basis for the development of transboundary cooperation, including in the form of Euroregions, based on the provisions of the Outline Convention on Transfrontier Co-operation.

“Slobozhanschina” Euroregion acted as a catalyst of Ukrainian-Russian interregional cross-border cooperation processes aimed at improving living standard of people living in the border regions. Following the pattern, the border region of Ukraine and Russia has a compact territorial framework of Euroregions under the agreements signed by the territorial governments of both countries.

However, Ukrainian-Russian political contradictions led to the collapse of cross-border collaboration, rupture of humanitarian relations and economic cooperation of border regions. To cope with the crisis it is necessary for both sides to hold a dialogue, presupposing the creation of effective mechanisms for transboundary cooperation on the basis of existing best practices.

Summarizing, we can note that in the framework of the online conference the various aspects of international and interregional cooperation in the emerging Eurasian Economic Space are considered. It

appears that the conference proceedings will be interesting and useful for researchers and state bodies of the countries participating in

the Eurasian integration process. Such events are planned to conduct on this platform in the future.

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