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Abstract

In this work, a very actual topic: «Integration of Kazakhstan in Central Asia is being considered». The relevance of the topic is stipulated by the fact that as soon as Central Asian countries gained Independence, there appeared a question about the integration of the States with each other on the political arena in economic social-cultural spheres.

The integration process has a lot of difficulties, which appeared with the collapse of the Soviet Union for each former Soviet Republics. Such big countries as USA, China, Russia are greatly interested in Kazakhstan just as another Central Asian States. Similar cultural and historical past the existence common borders with many countries are also of great difficulties, as a result of the difference in cultural, religious, ethnic aspects. Each of the countries seek to take its place under the sun and to have a leading role in the region.

Besides Integration in Central Asian region, each of these countries tries to integrate in the World Economy. One of the most important factor is the political situation in each of these countries, but in spite of all these difficulties. The integration process is extremely important and is of great interest for the research.

Key words: Economic integration, Religion, Political situation, Economic social-cultural spheres.

Аннотация

В этой работе рассматривается очень актуальная тема: «Экономическая Интеграция Казахстана в Центральной Азии». Актуальность темы обусловлена тем, что как только страны Центральной Азии обрели независимость, возник вопрос об интеграции государств друг с другом на политической арене в экономической, социокультурной сферах.

Процесс интеграции имеет много трудностей, которые возникли с распадом Советского Союза для каждой из бывших советских республик. Такие крупные страны, как США, Китай, Россия, очень заинтересованы в Казахстане так же, как и в других государствах Центральной Азии. Сходное культурное и историческое прошлое существования общих границ со многими странами также сопряжено с большими трудностями, обусловленными различиями в культурном, религиозном, этническом аспектах. Каждая из стран стремится занять свое место под солнцем и играть ведущую роль в регионе.

Помимо интеграции в центральноазиатском регионе, каждая из этих стран пытается интегрироваться в мировую экономику. Одним из наиболее важных факторов является политическая ситуация в каждой из этих стран, но, несмотря на все эти трудности, процесс интеграции чрезвычайно важен и представляет большой интерес для исследований.

Ключевые слова: экономическая интеграция, религия, политическая ситуация, экономические социально-культурные сферы.

Аннотация

Бұл мақалада өте маңызды «Қазақстанның Орталық Азиядағы экономикалық интеграциясы» тақырыбы қаралды. Тақырыптың өзектілігі Орталық Азия елдерінің тәуелсіздік алған сәттен бастап экономикалық, әлеуметтік-мәдени салаларда саяси аренадағы мемлекеттердің бір-бірімен интеграциялануына байланысты болды.

Интеграциялық үдерісте Кеңес Одағы ыдырағаннан кейінгі бұрынғы кеңестік республикалардың әрқайсысы үшін пайда болған көптеген қиындықтар бар. АҚШ, Қытай, Ресей секілді ірі мемлекеттер Қазақстанға, сондай-ақ басқа да Орталық Азия елдеріне қызығушылық танытуда. Көптеген елдермен ортақ шекаралардың бар болуының ұқсас мәдени және тарихи өткені мәдени, діни, этникалық аспектілердің айырмашылығы салдарынан үлкен қиындықтарға тап болады. Әрбір ел күнде өз орнын алуға және аймақтағы жетекші рөлге ие болуға тырысады.

Орталық Азия аймағына интеграциядан басқа, осы елдердің әрқайсысы жаһандық экономикаға ықпалдасуға тырысады. Ең маңызды факторлардың бірі - осы елдердің әрқайсысының саяси жағдайы, бірақ осы қиындықтарға карамастан, интеграциялық үдеріс өте маңызды және үлкен ғылыми қызығушылық.

Түйінді сөздер: Экономикалық интеграция, Дін, саяси жағдай, экономикалық әлеуметтік-мәдени салалар.

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Introduction

Background Theories

The process of integration of peoples and countries has become an integral part of the modern world. Various integration processes take place almost in every country; therefore, regional integrations are being formed (Spitsyn&Kulubekova, 2016). The Eurasian region is not an exception. Since the ancient times, this region has been a platform for fruitful cultural, social, economic and political cooperation, as well as deep traditions and many years of historical experience. Currently, the Republic of Kazakhstan plays a significant role in the integration processes of the region. Moreover, in many aspects this country has been the initiator (Tarr, 2015).

During its years of independence, the Republic of Kazakhstan has developed into an economically strong and stable state and has definitely become a full member of the world community. The country has been regarded as a recognized leader in the Central Asian region, the most representative forums are held in Nursultan (former Astana), the leading events and exhibitions take place in the country, thus, emphasizing its role in Central Asia (Alpysbaeva et al, 2015). The former President of Kazakhstan Nursultan Nazarbayev has gained the very high authority among the world leaders, he participates in high-level summits, his initiatives are supported by the leaders of the prominent states of the world and major international organizations (Kudaibergenova, 2016).

Accordingly, the leaders of the states and the most developed countries of the world often visit Kazakhstan, as one of the regional centers. The visits of foreign heads of state are accompanied by business forums, which contributes to the expansion of trade and economic cooperation between Kazakhstan and these countries (Kudaibergenova, 2016).

The Kazakhstan is the active participant and initiator in many integration processes. For the first time the idea of Eurasian integration was voiced by the President of the RK Nursultan Nazarbayev in 1994. At first, this initiative, which seemed revolutionary at that time, was perceived ambiguously. However, over time, it received great support and development (Mostafa, 2013).

As a result, at the first stage, the Customs Union was created, then the Common Economic Space, and starting from January 1st, 2015, the Eurasian Economic Union (EAEU) was launched, which was founded by Belarus, Kazakhstan and Russia. In the same year, the Armenia and the Kyrgyzstan joined the EAEU (Mostafa& Mahmood, 2018).

Kazakhstan is confidently developing on the path to the formation of a modern industrial state, having a predictable and balanced foreign policy, a competitive economy, actively uses numerous diverse integration associations to further advance, achieve and protect the national interests of the country. Since independence, the Republic of Kazakhstan periodically acts as the active participant and main initiator of projects on the integration processes of the post-Soviet states. The active position of Kazakhstan in the field of integration processes of the Eurasian region is expressed in initiatives such as the idea of creating the Customs Union, then the Eurasian Union, as well as the Common Economic Space. In addition, Kazakhstan is an active participant in all regional organizations (Giucci, 2018).

At this stage, the priority in Eurasian integration belongs to the economic aspect, rather than the political one. The formation of the Eurasian Economic Union has become the crown of many years of effort and striving for integration, now this association of Kazakhstan, Russia and Belarus, to which Armenia and Kyrgyzstan have recently joined (Giucci, 2018). That is, this union is purely economic in nature, which is quite logical, because in its time European integration had an exclusively economic goal.

As the experience of the European Union shows, the most successful integration association in the modern world, to confidently promote high-quality and profitable integration, a certain "locomotive" is needed, which in the European case were Germany and France. Consequently, in Eurasian integration, this role should go to the countries represented by Kazakhstan, Russia, and Belarus, it was with the union of these states that the idea of Eurasianism began to be embodied, and their further promotion.

Problem Statement

Integration is a difficult way to reconcile national ambitions, genuine problems with the development of economies of different levels, structures, bringing together social, legal, etc. historical spaces, requiring high supranational wisdom, understanding that a new stage of world development is based on regionalization. And understanding that integration is impossible without an initiative core (Mirimanova& Born, 2018).

The region of Central Asia and Kazakhstan, which only relatively recently received the opportunistic name of “Central Asia,” has in fact never been a single space. He was not one either in historical or political terms, neither in civilization, nor in ethnocultural (Mirimanova& Born, 2018).

Problem statement: the identification of the role and the analysis of the integration of the Republic of Kazakhstan in Central Asia, its current state, obstacles and perspectives.

In the world economic and political space, the states of Central Asia do not act collectively, but rather autonomously and on an individual basis. The complete discrepancy between their economic strategies is noticeable: Kyrgyzstan is pursuing a policy of reducing the regulatory role of the state. Kazakhstan, adhering to this trend, has recently been forming a model of joint participation of state structures and business in further reforming the economy. Uzbekistan acts in the opposite direction - it seeks to preserve the state's functions as much as possible. In Turkmenistan, the state structure and economic policy generally took forms that were unthinkable for a market economy - a kind of eastern version of “leaderism” (Mostafa& Mahmood, 2018).

Mostafa& Mahmood (2018) state that there are various disagreements between the states of the post-Soviet space, the problem of water resources, energy, the factor of the personalities of the leaders of countries, and much more. In this case, Eurasian integration, in the form of the Eurasian Union on a voluntary and equal basis, will exclude any conflicts and disagreements. Moreover, creating a mutual economic space is difficult to implement without a quality collective security system. Economic cooperation cannot develop properly without the normal provision of military-political security. Therefore, ensuring the security of our state is a major priority, both for Kazakhstan and for other countries in the region (Mostafa& Mahmood, 2018).

Thus, regional integration of Central Asia is in the process of becoming based on a variety of factors: cultural, civilizational, political, religious, economic, etc.

Research Questions

The current thesis aims at finding the answer to the following research questions:

- What is the role of integration of the Republic of Kazakhstan in Central Asia?
- What is the current state of Kazakhstan's integration process regarding the Eurasian Economic Union (EAEU)?
- What major obstacles and hinders are there in this process?

Research Objective

Based on the research aim and questions placed, the following research objectives are defined:

- To identify the position of Kazakhstan in the region of Central Asia;
- To study the notion of Eurasian Economic Union and the role of Kazakhstan there;
- To outline the leading obstacles of integration process of Kazakhstan;

Contribution

The current thesis is devoted to the issue of identification and analysis of Kazakhstan integration in the region of Central Asia. The countries of the Central Asian region (CAR) have a century-long history of coexistence, which has its roots in the distant past. The need for regional cooperation today can be perceived as a kind of axiom, and indeed - the countries of the region are closely linked geographically, culturally and ethnically. The common mentality of the peoples of the region and the threats to stability and security are also common to all of Central Asia. This makes it possible to claim that regional interaction and integration are a top priority task, for both political, economic, and social issues of Kazakhstan.

Thus, the outcomes of this thesis may be sustainably useful and serve as a background to a further research of this topic.

Literature Review

The Role of Kazakhstan in Central Asia

In the modern political sense, Central Asia is Kyrgyzstan, Uzbekistan, Turkmenistan, Tajikistan and Kazakhstan (Figure 2.1).

Figure 2.1 Map of Region of Central Asia



Source: Mirimanova & Born, 2018, p. 5

There are other definitions, in particular - according to UNESCO - the region includes Mongolia, Western China, Punjab, northern India and northern Pakistan, northeastern Iran, Afghanistan, areas of Asian Russia south of the taiga zone and

five former Soviet republics of Central Asia. We will use a narrower first interpretation of the region and consider the situation in the economies of these post-Soviet Asian republics. In varying degrees, the socio-economic situation, mentality and cultural background in these countries can be called similar (Mirimanova& Born, 2018).

The Central Asian region holds a modest share in the global economy - about 0.3%. With a share of the population in the world population of about 1%, the economy lags by about 3 times in terms of Gross Domestic Product (GDP) (OECD, 2018).

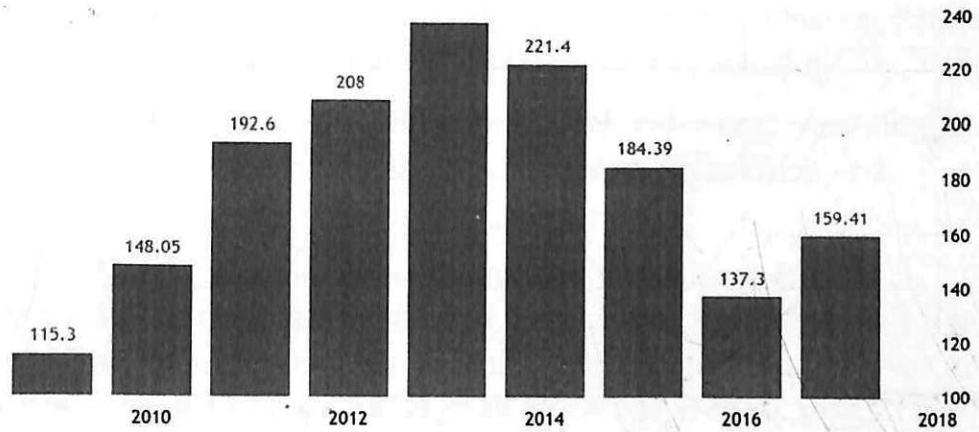
In his work, Giucci (2018) claims that the new economic role of this region is due to the presence of a number of factors:

- the region has many valuable resources, primarily large reserves of hydrocarbons;
- being located in the center of the Eurasian continent, the region plays an important role in maintaining the security and stability of part of the continent,
- due to the presence of a wide transport and communication network, the countries of the region use their full potential as transit states.

For the global economy, the Central Asian region is interesting, first, as a source of raw materials. Oil, gas, coal and metals are currently the most sought-after exported goods, in turn; the products of the agricultural sector also provide dynamic growth.

For the last 3 years, the leader of the region of Kazakhstan, the volume of GDP is falling. This is due to both the fall in the national currency and problems in the economy of the republic (Figure 2.2). The second largest economy, Uzbekistan, on the contrary, is growing steadily (OECD, 2018).

Figure 2.2 Dynamic changes of Kazakhstan GDP (2009-2017)

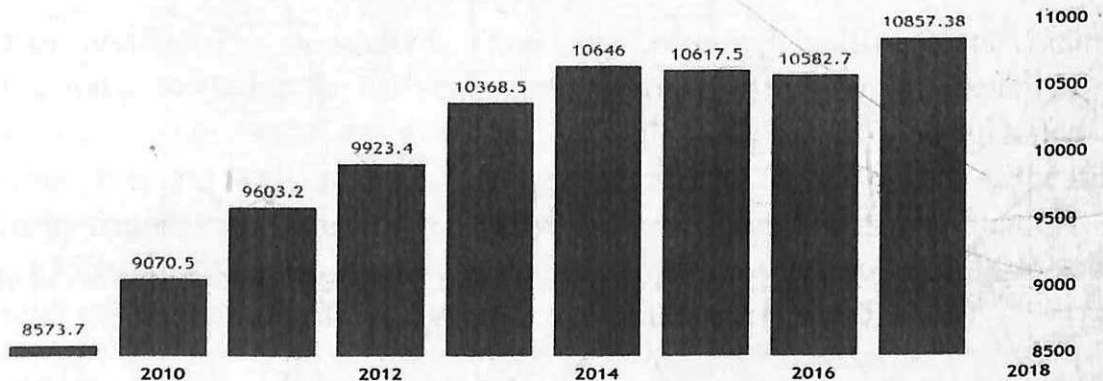


Source: <https://tradingeconomics.com/kazakhstan/gdp>, retrieved on 2 April, 2019

Analyzing the growth of GDP, it is clear that Kazakhstan has the smallest volumes of growth, which is associated with large volumes of this country, while small economies can more easily achieve high growth because of the “low base” (Invest in Kazakhstan, 2017).

Concerning the GDP per capita in Kazakhstan, it is obvious that in 2017 there was the highest record of \$10857.38 (Figure 2.3).

Figure 2.3 Dynamic changes in Kazakhstan GDP per capita (2009-2017)



Source: <https://tradingeconomics.com/kazakhstan/gdp-per-capita>, retrieved on 2 April, 2019

According to confirmed data (Invest in Kazakhstan, 2017; OECD, 2018), the total volume of oil reserves in the countries of Central Asia reaches 15-31 billion barrels, and the total volume of natural gas reserves is 230-360 trillion m³, which is 7.2% of world oil resources and 7% of gas resources. The region is the 10th largest coal producer in the world, and the 19th in terms of power generation. It accounts for large

reserves of ferrous, non-ferrous and rare metals, in total gold production (Uzbekistan - 90 tons, Kyrgyzstan -24, Kazakhstan - 18.9) takes the 9th place (OECD, 2018).

The states of Central Asia have powerful mining, fuel and energy, metallurgical and chemical industries, concentrated mainly in Kazakhstan, Uzbekistan and Turkmenistan.

In oil production, Kazakhstan ranks first (80 million tons); the second is Turkmenistan (6 million tons) and the third is Uzbekistan (5 million tons). Natural gas fields are rich in Turkmenistan, which ranks second in terms of reserves in the CIS after Russia. Coal deposits are found in all republics, with the exception of Turkmenistan (OECD, 2018).

Electric power industry in Central Asia is relatively well developed. Kazakhstan produces up to 90 billion kW / h; Uzbekistan produces 52-54 billion kW / h. Metallurgy is developed unevenly. Kazakhstan stands out, smelting up to 2.0 million tons of steel per year, and Uzbekistan (0.6 million tons). Polymetallic products are diverse: lead, zinc, copper, chromium (Kazakhstan); lead, zinc, copper, gold, silver, etc. (Uzbekistan). The chemical industry is focused on the production of mineral fertilizers. The exception is Kyrgyzstan, where the chemical industry is not developed. Mechanical engineering is developing rapidly. It is concentrated in Kazakhstan and Uzbekistan, where cars, trucks and buses are manufactured (OECD, 2018).

In terms of foreign trade, the leader is Kazakhstan. Although in 2014-2016 a decline was noted due to the fall in the national currency against the dollar and the fall in prices for Kazakhstan's main export commodity, oil. In the second place in terms of foreign trade there are fairly industrialized Uzbekistan and Turkmenistan. At the same time, this indicator is most stable in Uzbekistan (about \$25 billion). The smallest volumes of foreign trade are observed in countries with less developed industry and economy in the region, namely, Kyrgyzstan and Tajikistan (OECD, 2018).

Eurasian Union and Kazakhstan

On the first of January, 2015, the Eurasian Economic Union was launched, the founders of which were Belarus, Kazakhstan and Russia (Konopelko, 2018). In the same year, the Armenia and the Kyrgyzstan became full members of the EAEU (Figure 2.4). Along with the European Union, the formation of which began in the midpoint of the XX century, the EAEU became the second example of a full-fledged economic union in the wor

Figure 2.4 Eurasian Economic Union nations



Source: <https://www.russia-briefing.com/news/eurasian-economic-union-sign-free-trade-deals-egypt-iran-india-singapore.html/>, retrieved on 7 April, 2019

Vinokurov (2014) states that the Eurasian Economical Union is not a political association. During the work on the Treaty on the Union, the member states of the EAEU consciously refused to politicize it and include issues affecting national sovereignty into the competence of the Union. Within the framework of the EAEU, issues of exclusively economic cooperation are considered, as well as the principle of sovereign equality, equality and consideration of the national interests of its member states is ensured (Vinokurov, 2014).

According to Knobel (2015), the EAEU is an international system of regional economic integration, based on agreements reached by states within the framework of the Customs Union and the Common Economic Space (Knobel, 2015). Within the EAEU, freedom of movement of goods, services, capital and labor is ensured, along with coordinated, coordinated or uniform policies in the economic sectors defined by the EAEU Treaty of May 29, 2014 and international treaties within the Union.

Vinokurov (2017) defines the following main objectives of the EAEU:

- to constitute conditions for the stable development of the economies of the Member States of the Union in order to improve the living standards of their people;
- striving to form a single market for goods, services, capital and labor resources within the Union,
- comprehensive modernization, cooperation and competitiveness of national economies in the global economy (Vinokurov, 2017).

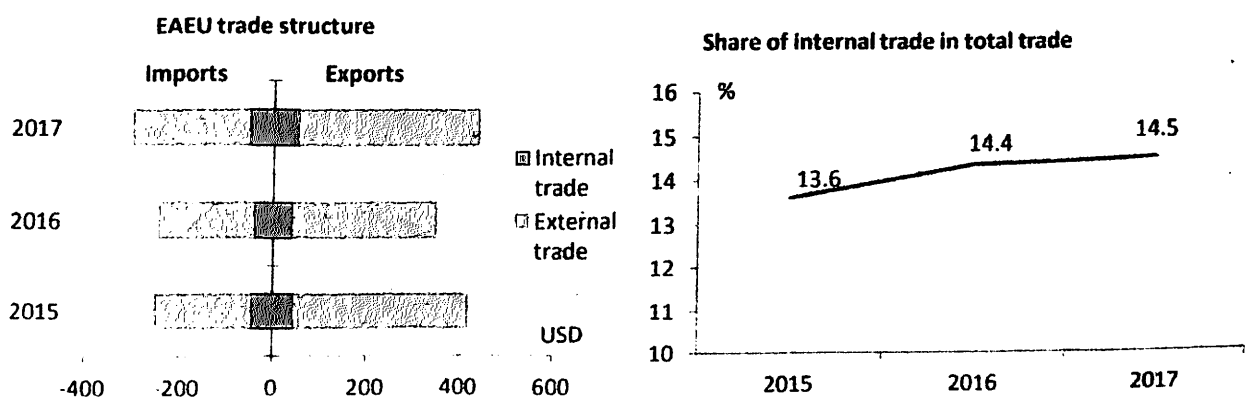
Eurasian integration has a very high economical potential (Menga, 2018). The total volume of the economies of the countries is more than \$2.2 trillion, with a total population of more than 182 million people (Menga, 2018).

Table 2.1 The relative size of EAEU member states

	GDP, 2017		Population, 2017		GDP per capita
	USD bn	% of EAEU	m	% of EAEU	USD
Russia	1,527	87%	144.0	80%	10,608
Kazakhstan	161	9%	18.2	10%	8,841
Belarus	54	3%	9.5	5%	5,760
Armenia	12	1%	3.0	2%	3,861
Kyrgyzstan	7	0%	6.3	3%	1,144

Source: Giucci, 2018, p. 3

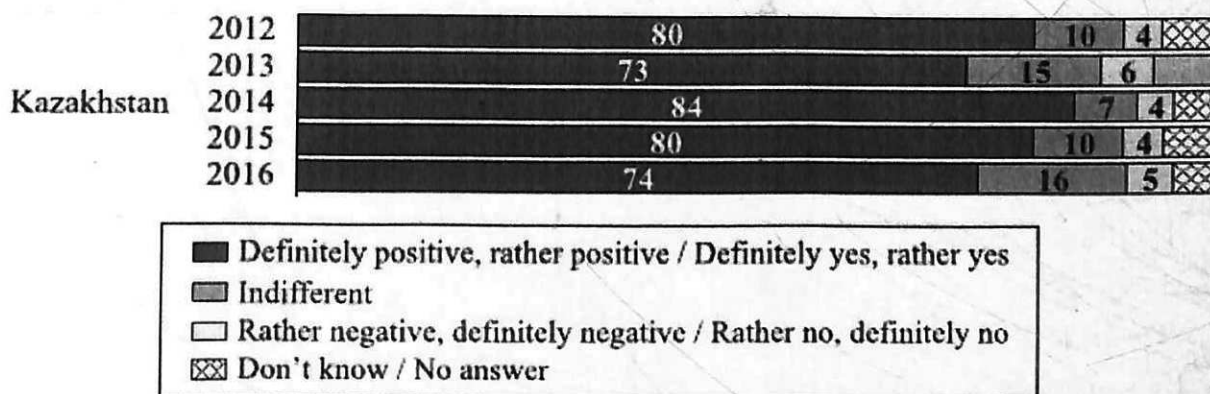
Figure 2.5 Internal and external trade



Source: Giucci, 2018, p. 5

The Eurasian Development Bank conducts the public opinion monitoring survey and the annual data concerning Eurasian integration process are placed in the EDB Integration Barometer project. The statistical results of the survey conducted in May-June 2016 show that the EAEU public approval and perception is quite high in Kazakhstan: in 2016, 74% had definitely positive support (Figure 2.6) (Vinokurov, 2017).

Figure 2.6 Public Perception Dynamics of the EAEU members



Source: Vinokurov, 2017, p. 68

Kazakhstan always supports the progressive development of integration over a wide area of Eurasia, which, in our opinion, gives a powerful multiplicative incentive to global economic development (Movchan & Emerson, 2018).

Partnership within the EAEU is carried out in such areas as customs and non-tariff regulation, customs and technical regulation, sanitary, veterinary-sanitary and quarantine phytosanitary measures, crediting and distribution of import customs duties, establishment of trade regimes against third parties etc. Moreover, statistics of foreign and mutual trade, macroeconomic policy, competitive policy, industrial and agricultural subsidies, energy policy, natural monopolies, government and (or) municipal procurement, mutual trade in services and investments, transport and transportation as well as foreign exchange policy, intellectual property, work migration and financial markets (banking, insurance, foreign exchange market, securities market) are also among the key areas of collaboration (Alpysbaeva et al, 2015).

In accordance with Konopelko (2018), the EAEU countries are given the opportunity to collectively defend their interests and build more transparent, pragmatic and effective relationships with external partners. In general, the activities of the EAEU are aimed at solving problems of improving the well-being and standard of living of citizens of member countries. The EAEU, and

Kazakhstan, in particular, is a powerful incentive for the development and comprehensive modernization of the economies of the member states and their leading positions in the global world.

Methodology

In this work different methods of research and studies had been used to assess understanding of Kazakhstan integration in Central Asia. I decided to start with theoretical methods: such as analysis and synthesis aimed to identify the main aspects of integration and the relationship with states of C.A. The Analysis and synthesis allowed to weed out extra aspects and to concentrate on the main: Economic integration sphere of Kazakhstan.

The following Empirical research methods were used later:

- Such as Comparison/comparative analysis
- Behaviorist method
- Historical analysis

Using historical analysis during the study there had been compared GDP per capita of Kazakhstan for 2017 in comparison with the states of the Eurasian Economic Union, Russia, Belorussia, Armenia, Kirgizstan. On the example of this comparison one can observe a positive trend of Integration in Kazakhstan not only with these countries allows Kazakhstan to develop competitive economy. During the period of 20 years from 1996-2016 (diagram 4.1) the mutual trade between these countries demonstrated only the growth, especially with Kirgizstan, one of the main central Asian States. This fact testifies in favor of competitive economy.

The Competitive analysis also was used for the behaviorist method. This is proved by the public opinion dynamics during the period from 2012-2016 in EAEU countries Based on this table one can state that the society is positive about integration with EAEU countries.

Thus It was managed to combine 2 methods - competitive and behaviorist which in its turn made it possible to deeply understand the importance of integration process not only economically but also to feel social public mood. The behaviorist method is extremely important in the study, in particular for understanding and evaluation of Integration not only within the framework. Of the economic factor, but in understanding of social situation of the society which directly effects the country's economy. Public attitude to economic events is part and parcel of in integration processes and Their further development for each country.

One is the most important method of study is a historical analysis.

In connection with the fact that Kazakhstan has a common history with the countries of Central Asia and with EAES countries, this method is required for better understanding of Integration because the following relationship as historical, socio cultural and religious directly affect economic and social relations within each of the regions. Having besides common cultural and historical aspects with these countries Kazakhstan has got a common border with most of Central Asian

and other EAES countries which is the key factor. The fact that Kazakhstan has common borders and common past demonstrates that similar factors influence integration positively. Using historical analysis one can analyze the integration process and even partially predict the further development in the region, where each of the participants tries to take a decent place. With the collapse of the Soviet Union Countries, exactly the common history with EAES countries, common past being one of the Republics of the S.U and common Turkish culture makes Such Unions Extremely Successful and advantageous for all participants.

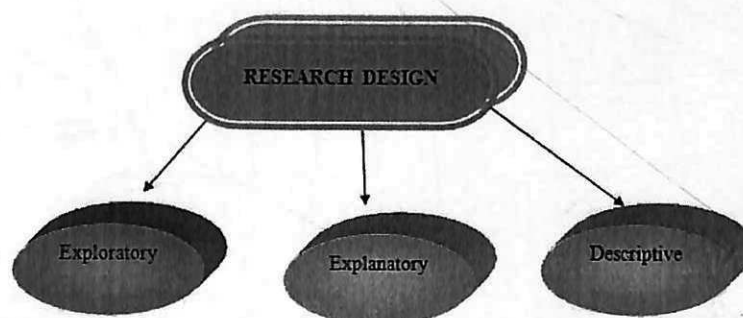
Inspite of the fact that each of these countries does his best to benefit from this Union.

It goes without saying that each of them is interested in this Union because only joint integration and joint effort to help to achieve possible dynamics in economic and other spheres.

Research Approach

Scientists Collis and Hussey (2003) construe three major types of research approach (Fig. 3.1):

Figure 3.1 Research approach types



Source: created by author

The current research is recognized as an exploratory study. Exploratory study is a purposeful and systematic process of perception of objects and phenomena of the objective world, their properties. (Lancaster, 2005). Greener (2008) also indicates that exploratory study is focused to find out the factors that should be considered in the theory of the subject. Exploratory study generally applies a number of strategies (literature review, historical analysis, observation, interview, case study, focus group etc.).

Research Methods

Research methods usually include quantitative and qualitative research. Quantitative and qualitative research methods are the main ways of obtaining primary information in contemporary scientific research. The main differences between "qualitative" and "quantitative" approaches lie in the way information is

obtained (Greener, 2008). In quantitative studies, a large amount of sample is usually used, which allows for statistically substantiated analysis of the information received, in qualitative - the number of participants can be from 1, as, for example, in the in-depth interview, to 8-12 people, as in the focus group.

Quantitative research methods include observation, surveys, content analysis. Qualitative research methods include in-depth interviews, focused group interviews (or simply "focus group"). Obviously, one and the other approaches serve to solve certain problems, and the researcher should address them according to what problem he wants to solve (Anderman, 2009).

Taking the main research aim, questions and objectives into consideration, the qualitative research method is applied, namely, the critical analysis of the secondary data obtained from periodicals, scientific journals, newspaper articles, conference proceedings and the trustworthy Internet sources. The research starts from investigating the issue of integration of Kazakhstan in Central Asia, its obstacles and challenges and then the analysis of the role of the integration of Kazakhstan in the region of Central Asia is provided. This has required searching relevant information on various official websites, collecting and analyzing statistical data, study recent researches etc.

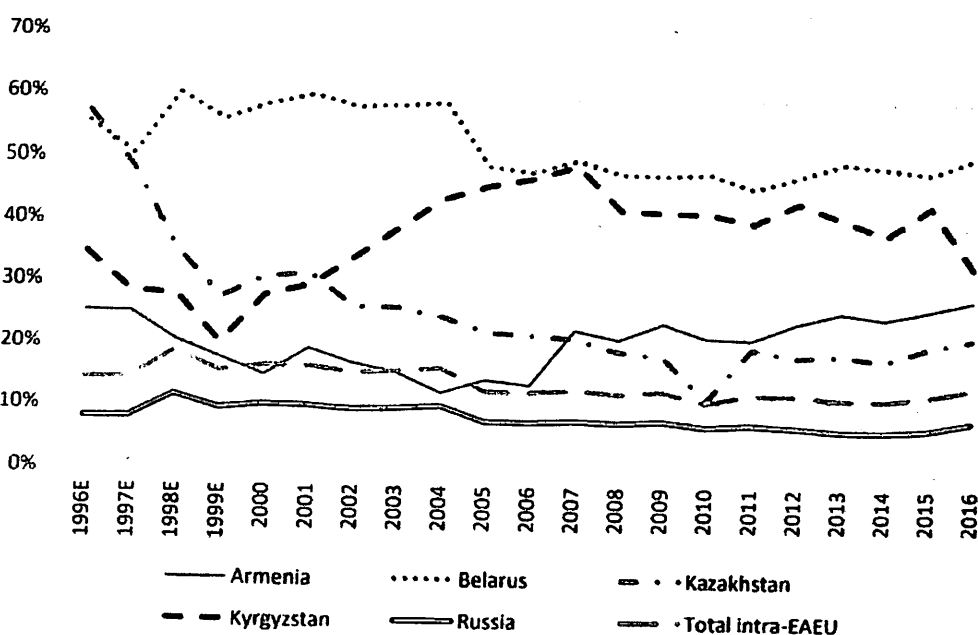
Findings and Analysis

Role of Kazakhstan in Eurasian Economic Union

In the modern political sense, Central Asia is Kyrgyzstan, Uzbekistan, Turkmenistan, Tajikistan and Kazakhstan. There are other definitions, in particular - according to UNESCO - the region includes northeastern Iran, Mongolia, Western China, Afghanistan Punjab, northern India and northern Pakistan, areas of Asian Russia south of the taiga zone and five former Soviet republics of Central Asia (Spitsyn&Kulubekova, 2016). In varying degrees, the socio-economic situation, mentality and cultural background in these countries can be called similar.

The Central Asian region holds a modest share in the global economy - about 0.3%. With a share of the population in the world population of about 1%, the economy lags by about 3 times in terms of GDP (Movchan& Emerson, 2018).

Figure 4.1 Trade within EAEU member countries (1996-2016)



Source: Movchan& Emerson, 2018, p. 10

Among other Central Asian countries Kazakhstan is undoubtedly the leader in terms of the development and power of the economy. In 2016, in terms of GDP, Kazakhstan ranked 56th among 191 countries. More than half of the total GDP of the Central Asian region is in Kazakhstan. At the same time, the dynamics of GDP growth is lower than in other countries of the region due to the higher base of comparison (OECD, 2018).

The Republic of Kazakhstan has significant deposits of mineral and energy resources - out of 110 elements of the periodic table, 99 were discovered in the depths of the country, 70 were explored, more than 60 are used, including 8% of world reserves of iron ore and about 25% of uranium. The country has one of the

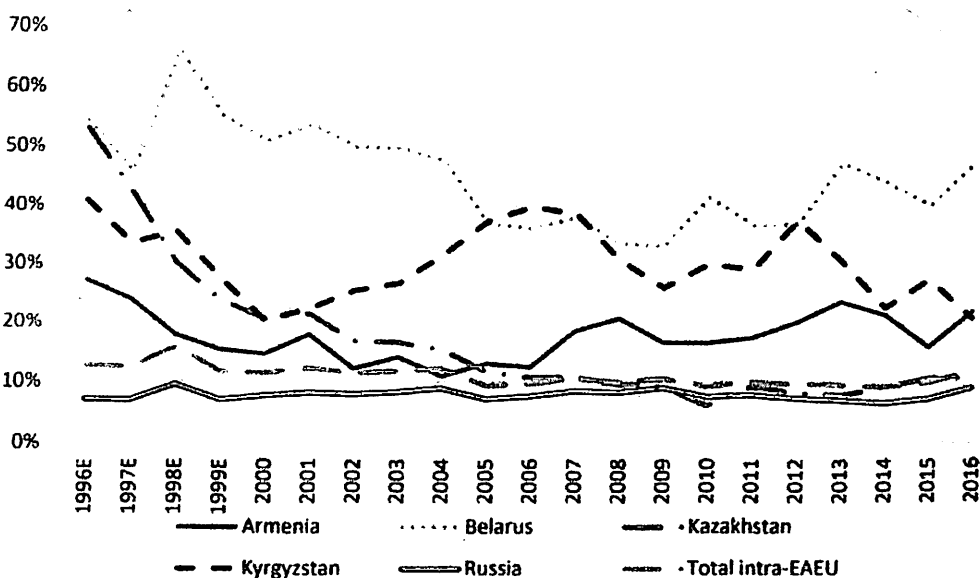
most powerful oil and gas potentials in the Caspian zone - Kazakhstan accounts for about 3% of world oil reserves and 1.2% of natural gas, and the country continues to increase the production and export of energy carriers. Kazakhstan is also one of the main wheat producers in the region (Menga, 2018; Mirimanova& Born, 2018).

As the findings of the literature review show, the economic foundation of the EAEU is currently Russia, Kazakhstan and Belarus, which for a long time moving towards economic integration, have reached agreement on improving trade and economic relations within the Customs Union.

However, economic integration is far from trade, but as the experience of post-industrial countries shows, it is more scientific and technological rapprochement and cooperation within the framework of common regional and sub-regional tasks. However, the positive aspects of economic consolidation are often combined with conflicts of interests between countries, such as protecting the domestic market in Kazakhstan due to the weakening ruble, the impact of the global financial and economic crisis, etc.

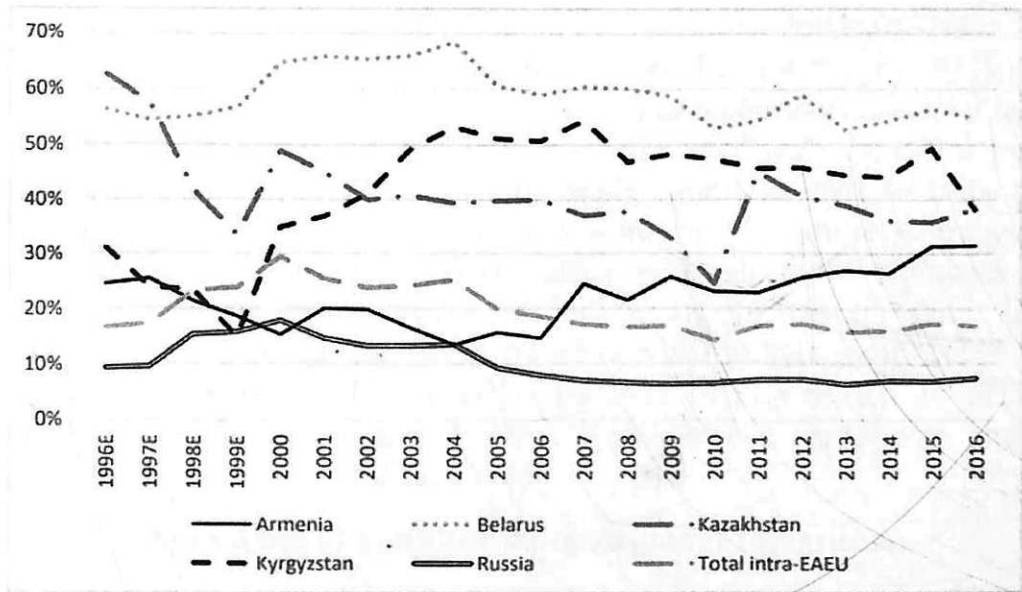
In the past, it can be seen how the Union has allowed to minimize the decline of economies in the crisis period of 2015-2016. For instance, since the launch of the EEU, Kazakhstan's GDP has never shown a negative trend: in 2015 it grew by 1.2%, in 2016 - by 1.1%, in 2017 - by 4%. This positive persists this year, according to the results of which Kazakhstan's GDP growth is expected to be in the range of 3.8–4% (Invest in Kazakhstan, 2017).

Figure 4.2 Export to other EAEU members



Source: Movchan& Emerson, 2018, p. 11

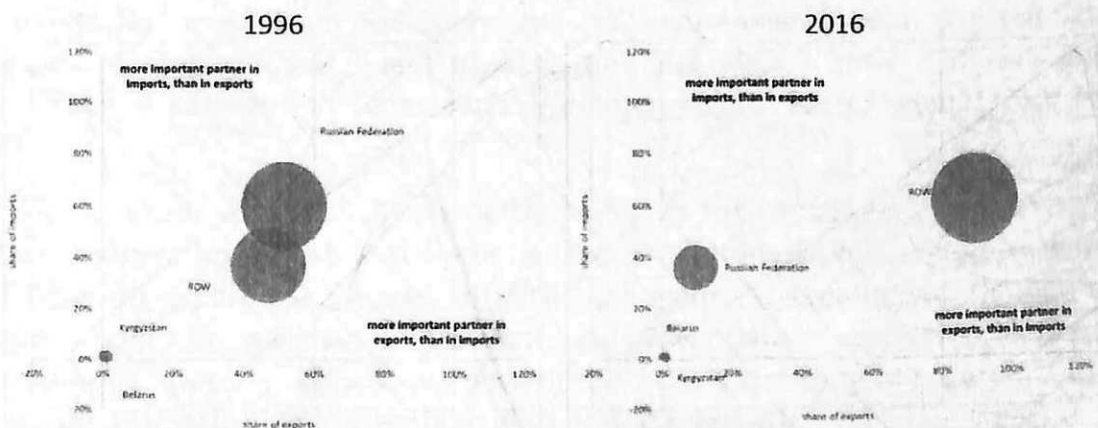
Figure 4.3 Import from other EAEU members



Source: Movchan & Emerson, 2018, p. 11

According to the data received from Movchan & Emerson (2018), the largest trade partner for Kazakhstan in the region of Central Asia within the EAEU is the Russian Federation. However, over the last two decades, the trade between Russia and Kazakhstan considerably dropped. Other EAEU members do not play a crucial role for Kazakhstan trade process. Starting from 2010, the Russian Federation has reobtained its significance as a source of import for Kazakhstan gradually, although its role as an export partner was still low. UN ComTrade reports that Kazakhstan's export amounted to 53% of goods to the EU in 2015, 12% to China and only 10% Kazakhstan exported to Russia (Movchan & Emerson, 2018).

Figure 4.4 Kazakhstan's trade partners in 1996 and 2016



Source: Movchan & Emerson, 2018, p. 19

of the relevant supranational bodies of the Eurasian Economic
Astana. Kazakhstan within the EAEU shares with all other c
economic union all its achievements, including the growth of
Foreign trade of Kazakhstan increased by 25% and reached abou
including with the countries of the EAEU - by 26% to 17.4 billion

However, the future perspectives are quite optimistic for Kazakhstan. By the end of 2019, a common market for electricity will be formed, by 2025, mutual market for gas, oil and petroleum products, as well as a common financial market. I am convinced that the latter will be inherently connected with the development of the international financial center Astana, probably simultaneously with the transfer of the relevant supranational bodies of the Eurasian Economic Commission to Astana. Kazakhstan within the EAEU shares with all other countries of the economic union all its achievements, including the growth of trade. In 2017 Foreign trade of Kazakhstan increased by 25% and reached about \$69.5 billion, including with the countries of the EAEU - by 26%, to 17.4 billion. In 2019, trade continues to increase: in January-August, Kazakhstan's trade with the world increased by another 21.6% (OECD, 2018).

Approaches of Kazakhstan to Regional Integration

The literature review and the critical analysis have revealed that Kazakhstan's approaches to regional cooperation are largely influenced by the following factors presented by Konopelko (2018):

-in recent years a drastic reduction of opportunities for attracting external funding has led to the actual loss by Kazakhstan of the previously achieved informal leadership positions in Central Asia, which crosses out its ambitious plan to manage regional processes in their own interests and on their own terms. In this situation, the promotion of cooperation and integration in the region turns into secondary task;

-Kazakhstan is focused on political and economic interaction mainly with the main extra-regional forces (China, Russia, and the West, which also play a key role in the development of strategic sectors of the Kazakhstan economy);

-the policy of balancing and maneuvering between the main non-regional forces and, in general, an extremely controversial foreign economic course, involving simultaneous participation in the processes of regionalization and globalization, drastically limits the ability of Astana to conduct a consistent and long-term regional policy. In addition, the approaches of other Central Asian countries to the processes of regionalization and globalization are significantly different and in some cases fundamentally contradict the interests of Kazakhstan (Konopelko, 2018).

As a result, Astana, actively participating in the processes of economic and military cooperation in the post-Soviet space, is simultaneously trying to distance itself from their political aspects, in particular from the creation of supranational structures under the auspices of Moscow. This essentially cooperative, rather than integration, policy is aimed at deepening and expanding to certain limits, interaction primarily with Russia within the framework of the Customs Union (Eurasian Union) (Knobel, 2015; Kudaibergenova, 2016).

On the other hand, Kazakhstan still seeks in the WTO and is trying to forge cooperative ties with countries actively participating in globalization processes (China, Western countries, etc.) (Kudaibergenova, 2016).

Against this background, relations with the Central Asian states are clearly of secondary importance for Astana, and the Central Asian direction itself (with the exception of the Uzbek and Kyrgyz vectors) is not objectively among its external priorities (Giucci, 2018; Tarr, 2015).

Kazakhstan's unwillingness to deeper forms of cooperation with *Uzbekistan* is mainly determined by the latter's disinterest in this. In Kazakhstan, there is growing awareness of the fundamentally important role of Uzbekistan in the region, including in cooperation with extraregional forces. At the same time, alarmist sentiments about the "possible destabilization" and / or "Islamization" of Uzbekistan associated with fears of transferring these processes to the territory of Kazakhstan are multiplying in Astana (Mostafa& Mahmood, 2018).

Kazakhstan is still interested in "friendly absorption" of *Kyrgyzstan*, that is, integration with it on its own terms. However, in addition to the rapid reduction of financial and other opportunities in Kazakhstan, this is hampered by the continuing instability in Kyrgyzstan, as well as the growth of dependent attitudes of the elite and society about bilateral cooperation. Kazakhstan is not ready, and is not able to solve the problems of Kyrgyzstan that are multiplying day by day. Without refusing to support Kyrgyzstan, Kazakhstan is forced to limit its economic presence in this republic (Mostafa& Mahmood, 2018).

In relations with *Turkmenistan*, Kazakhstan is mainly interested in coordinating diplomatic efforts to peacefully solve the problems of the Caspian Sea and hopes for the possibility of conflict-free interaction with this country in the future. It is possible that the importance of such interaction in the coming years will increase greatly. In addition, Astana is ready to maintain the level of contacts necessary for the preservation of good-neighborly relations on current issues relating to transport communications, trade and borders. In deeper and more active forms of cooperation, Kazakhstan is not experiencing a significant need, including due to the incompatibility of its development model with the Turkmen model (Mostafa& Mahmood, 2018).

The cooperation of Kazakhstan with *Tajikistan* is largely hampered by the economic and geographical isolation of the latter, the ongoing conflict between the Uzbek-Tajik and some improvement in the Uzbek-Kazakh relations; in such conditions, the development of close forms of interaction between these countries hardly makes any sense. Therefore, Kazakhstan does not attach any significant importance to relations with Tajikistan and regards it only as a market for its products; cooperation in other areas is formal, symbolic (Mostafa& Mahmood, 2018).

Potential Risks of the EAEU for Kazakhstan

The Eurasian Union is gradually gaining momentum. However, there is a number of internal factors that influence its development, and the development of Kazakhstan, respectively. The main economic problems and inconsistencies within the Eurasian Union are related to the peculiarities of the national economies of the participating states (Spitsyn&Kulubekova, 2016).

Orientation to the market of third countries.

For all EAEU member countries, the major export goods are natural resources or products of their primary processing. This advises that for states the market of third countries is more interesting due to the identity of this group of goods and the magnitude of demand for natural resources in the EU countries and China.

The need to develop new industries and specialization of countries.

The minimum number of common production projects, as well as the lack of a detailed program for the development of production capacity, leads to inhibition of mutual trade within the EAEU. The primary trade effects of participation in the Customs Union, as well as the absence of customs duties on the majority of goods within the Union, are exhausted during the first few years.

This is what happened in trade between the founding countries of the EAEC. In the first three years of the Customs Union, trade between Russia, Kazakhstan and Belarus has grown rapidly, but then the pace started to fall. Now, in order to increase trade within the Union, it is necessary to develop new productions and, due to this, increase the range of goods.

Competition, not complementarity

The sharp drop in world oil prices in late 2014 and foreign currency earnings from energy exports have reduced the possibility of import of finished industrial products from third countries. This reinforced the need to meet the needs of the EAEU member states including Kazakhstan with their own industrial products. Import substitution of products from third countries is becoming a priority area of cooperation within the Union.

However, an assessment of the national industrial development programs of the EAEU member states revealed that countries consider a single economic space only from the standpoint of additional export opportunities for national economies.

Lack of investment in innovation

Integration of Kazakhstan in Central Asia mainly occurs in the traditional sectors of the economy that exhaust their potential, in particular, in the energy, chemical and petrochemical industries, and metallurgy. These products have a low benefit.

In the context of a new integration policy (implementation of measures for the formation of a coordinated policy) of Kazakhstan, the development of a coherent industrial policy with effective mechanisms for building up production potential becomes critical.

Integration of Kazakhstan in the innovation sphere could increase the sustainability of national economies, since the pace of their economic development will depend not so much on resource capabilities as on the innovative nature of capital, but also on the ability of businesses to generate knowledge and implement them in production as innovative products.

In addition, the Kazakhstani integration in the innovation sphere would allow overcoming the barriers associated with the lack of a common border and corresponding transport and communication opportunities on the way to forming a common single market.

Conclusion

The unwillingness of the Central Asian countries to regional cooperation is primarily due to their lack of understanding of the economic, political and social dividends / benefits from cooperation and integration; real mechanisms that could contribute to its formation are practically absent. In the economic sphere, the Central Asian countries are mandatory to focus mainly on extra-regional economic relations, which are of much greater importance to them than intraregional ones. It seems that the objective, and extremely strong, trade, financial and technological dependence of the Central Asian countries on external forces significantly limits the possibilities for developing regional cooperation.

The main problem is, first of all, the lack of sustainable mechanisms for system analysis and support of the regional cooperation process. The problem is solved, but throughout the entire post-Soviet period, no Central Asian state has attempted to organize and conduct even any single serious research on the topic of regional cooperation, and even more so on creating mechanisms to stimulate cooperation and integration.

It is largely for this reason that there were no ruling elites and expert circles in this region countries, and most likely, there is hardly any understanding of what specific algorithms should be followed in order to launch the process of regional cooperation. This problem is aggravated by the fact that Central Asian states do not have independent experience in strategic planning: in Soviet times, this was the exclusive prerogative of Moscow, and national elites only diligently executed the directives and attitudes descending from the Center.

The 2015 year was a historic year for Kazakhstan when the Eurasian Economic Union began to function. The Eurasian Economic Union is an international organization of regional economic integration with international legal personality and established by the Treaty on the Eurasian Economic Union. The member states of the Eurasian Economic Union are the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation.

The EAEU was created with the aim of comprehensive modernization, cooperation and increasing the competitiveness of national economies and creating conditions for stable development in the interests of raising the living standards of the member states.

The Treaty on the EAEU assumes that from January 1, 2015, a single market of services began to function in a number of sectors identified by the Member States of the Union. At the same time, the national regime was laid as a base, i.e. the state is obliged to adopt a full-fledged national regime in relation to the service provider and partner countries; no restrictions can be. In the future, the Parties will strive to maximize the expansion of these sectors, including through a phased

reduction of exemptions and restrictions, which will certainly strengthen the Eurasian integration project.

Since the launch of the integration project, the countries have seriously advanced on the way to the formation of unified markets for goods, services, capital and labor resources. In all areas of the economic agenda, joint work is being carried out aimed at removing barriers and stimulating business. This is the launch of a common market for medicines and medical devices in 2017, and the unification of customs rules under the new EAEU Customs Code.

However, it may be concluded that formally, the EAEU is an economic, technocratic project, giving its participants a number of advantages, in particular, facilitating cross-border trade and facilitating labor migration. At the same time, it creates economic risks due to the increase in foreign trade tariffs and the potential rejection of the orientation of the economy to global markets. So far, the union has been unsuccessful from an economic point of view, although entering the Russian labor market has become an important motivating factor and ultimately a positive result for post-Soviet economies experiencing a difficult period. Amid trade disputes, sanctions and regional economic crisis, the volume of mutual trade within the EAEU fell in 2015 by 26%.

There exists a range of potential risks that may influence the Kazakhstani integration into Central Asia. During all the years of the sovereign development of the post-Soviet countries, not a single regional initiative has succeeded, with the exception of the Customs Union (CU). The reasons are different income levels, the level of technological structures and economic development, as well as differences in the structure of the economies of countries, as well as changes in the mentality of the population over the past twenty-three years. A significant part of the population in the face of increasing and deceleration of the financial and economic crisis in the event of socio-economic problems can act against integration initiatives, increasing the risk level to achieve the goal. At the same time, the reasons for each of the countries to the accession of the EAEU are justified.

The disadvantage of the EAEU countries, with the exception of some regions of Russia and Belarus, is the lack of basic innovations that major inventions must implement and become the basis for the formation of new generations and technology trends. There are no improving innovations that usually implement medium and small inventions and that prevail in the phases of distribution and stable development of the scientific and technical cycle. Perhaps there are pseudo-innovations (or rationalizing innovations), which are aimed at partial improvement of outdated generations of equipment and technologies and, as a rule, inhibiting the technological process (they either bring a negative effect or do not give an effect to society). In this case, the creation of joint agglomerations between Kazakhstan and Russia can become a real basis for economic restructuring, through spatial integration in the system of Kazakhstan-Russian relations and the EAEU.

Spatial development based on integration of border industrial zones between the Russian Federation and the Republic of Kazakhstan based on the creation of joint agglomerations will allow Kazakhstan to create a powerful economy along the perimeter of the country, ensure the development of a significant Russian market, create a belt of economic security. This is the main thing in Kazakhstan-Russian relations, which promotes a policy of resettlement of the population in the zones around the perimeter of the country that are most favorable for human habitation, and, ultimately, determines the expansion of the zone of vital interests of Kazakhstan on the Eurasian continent.

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