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STRENGTHENING REGIONAL ECONOMIC COOPERATION AND INTEGRATION IN CENTRAL ASIA BY SHARING THE ASIAN EXPERIENCE

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INTRODUCTION

There are common patterns in which developing countries interact economically. Despite uneven economic development and different forms of statehood and national economy models, SPECA member countries have spent several decades in a search for ways of regional development, while building their own integration frameworks. Any integration bases on its own historical, economical and political background. Nevertheless, their experiences are of huge importance to those states undergoing regional connectivity and integration processes today. And this is the way the Central Asian countries are going nowadays, twenty years after they have elected to develop independently.

It is the purpose of this report to study integration processes in Asia at the present stage of global development and to identify best practices and mechanisms of putting together integrated economic regions and developing integration associations, for them to be possibly applied by Central Asian countries.

Primary objective is to study integration background of Southeast and South Asia, Asia Pacific. To better understand integration drives of Central Asian countries, we will also analyze integration associations of which they are members, i.e. EurAsEC and ECO.

However, possibility of strengthening integration inside the Central Asian region needs to be considered in light of today's global and regional development and interaction trends before getting to any application of the Asian integration experience.

Findings and recommendations contained in this report focus on searching for more efficient regional cooperation mechanisms, advantageous conditions of integration into global economy and equitable partnership relations both inside the region and with the global political and economical entities.

I. CURRENT TRENDS OF ECONOMIC GROWTH IN CENTRAL ASIA

1.1. Profiles of Central Asian economies

Central Asian economies differ by size. In early 2011, Kazakhstan accounted for 68% of the total regional GDP, Uzbekistan – 17.6%, Turkmenistan – 9.7%. Shares of Kyrgyzstan and Tajikistan are significantly smaller – 2.1% and 2.6% accordingly (calculations were made based on national statistical authorities' data).

The countries also differ by their resource-related and industrial potential to strengthen national economies and their presence in world markets. Kazakhstan, Uzbekistan and Turkmenistan possess significant reserves of hydrocarbons and metals and have a number of industry branches under development and modernization. Neither Kyrgyzstan nor Tajikistan has strategic reserves at similar scale except for some volumes of exported aluminum (Tajikistan) and gold (Kyrgyzstan). Economic importance of these two countries is determined by their occupying headwaters of the main Central Asian arteries – Amudarya and Syrdarya. Thanks to control structures built on these rivers and their feeders these countries are able to regulate the flow and to allow farmlands across the region to be irrigated during vegetation period of cotton and other cultures. The two countries are characterized by underdeveloped industry. Economic situation in Kyrgyzstan has been considerably affected by political turmoil of recent years.

Central Asian countries differ by the nature and depth of economic reforms implemented. International evaluations name Kazakhstan and Kyrgyzstan as the most liberal economies in the region, while Turkmenistan and Uzbekistan are liberalizing their national economies gradually.

Kazakhstan, Uzbekistan and Turkmenistan are carrying out phase-by-phase industrial modernization with the primary focus on extractive sector.

Central Asian countries differ by their level of integration into world economy. This fact, among others, predetermined the way the crisis affected each of them, and their governments' bailout programs as well.

Official statistics say that all countries in the region came out of the recession year 2009 with positive economic dynamics, in spite of a significant GDP growth levels spread ranging from around 8% in Uzbekistan and Turkmenistan to 1.2% in Kazakhstan. Year-end economic figures could be maintained positively thanks to sophisticated anti-recessionary measures as well as to rise in commodity prices and a rich crop.

Table 1

GDPs of Central Asian countries in 2009-2011

	GDPs (current prices, billion dollars)			% of previous period			GDPs (per capita, dollars)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Kazakhstan	107.7	146.0	186.2	101.2	107.3	107.5	7300	8200	11000
Kyrgyzstan	4.7	4.6	5.9	102.9	99.5	105.7	849	840	1059
Tajikistan	5.0	5.6	6.5	103.9	106.5	107.4	662.6	742.3	1063
Turkmenistan	18.48	20.17	28.9	106.1	109.2	114.7	2843	3103	4450
Uzbekistan	31.8	37.7	43.3	108.1	108.5	108.3	1146.1	1335.3	1465.6

Source: National Statistic Agencies

For Central Asian countries, years 2010-2011 embodied the period of stabilization and gradual economic growth. Only Kyrgyzstan failed to achieve its economic indicators as planned owing to political events of spring – summer 2010. Economic growth in 2010 was nurtured by continued effect of financial incentives extended by the governments and by raising prices for major export articles. In Kazakhstan, Turkmenistan and Uzbekistan, economic stabilization programs that underwent a series of modifications since the beginning of crisis were substantially financed at the expense of national stabilization funds. Kyrgyzstan and Tajikistan managed to improve their economies thanks to financial assistance rendered by international community.

At year-end 2011 all countries showed a sustained GDP growth. This was due to growth of production in manufacturing sector, primarily in extractive industries. The 2011 upswing was also stimulated by growth of agricultural production.

Economic indicators of Central Asian countries in 2009-2011

	Industrial production: (current prices, billion dollars)			Industrial production: % of previous period			Agricultural production: (current prices, billion dollars)			Agricultural production: % of previous period		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Kazakhstan	60.5	79.8	106.8	101.7	110.0	103.5	10.9	9.8	15.3	114.6	88.3	126.7
Kyrgyzstan	2.3	2.7	3.5	93.6	109.8	112.0	2.5	2.4	3.1	107.2	97.4	102.3
Tajikistan	1.5	1.8	1.6	93.5	109.2	105.9	1.9	2.1	3.2	110.5	106.8	107.9
Turkmenistan*	-	-	-	-	-	-	-	-	-	-	-	-
Uzbekistan	18.5	20.5	23.2	109.0	108.3	106.3	8.4	9.6	10.9	105.7	106.8	106.6

* N/A

Source: National Statistic Agencies

Situation in the region's countries banking sector developed differently. Thus, in 2010-2011, Kazakhstan's banking sector witnessed a growth in lending but loan portfolio improved slowly: bad credits made more than a third of banks' entire loan portfolio. In Tajikistan, restructuring of two major banks' distressed assets in 2010 lead to worsening of the country's banking system profitability, but in 2011, it allowed to enhance deposit portfolio by 40.2% and loan portfolio by 34.1%. Uzbekistan's banking system preserves stability. Assets have been growing steadily over recent two years by approximately 35% every year. Volume of investment loans advanced to help modernize and equip plants and operations has grown by 34%.

The above economic developments in the period of global recession and subsequent economic recovery have also affected Central Asian countries' external trade.

Table 3

External turnover of Central Asian countries in 2009-2011

	Turnover (current prices, billion dollars)			% of previous period			Export (current prices, billion dollars)			Import (current prices, billion dollars)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Kazakhstan	71.6	89.0	126.2	65.6	124.3	140.2	43.2	59.2	77.1	28.4	29.8	38.0
Kyrgyzstan	4.5	5.3	6.5	79.5	105.6	130.3	1.7	1.8	2.2	3.0	3.2	4.3
Tajikistan	3.6	3.9	4.4	76.4	107.6	105.4	1.0	1.2	1.3	2.6	2.7	3.2
Turkmenistan	18.3	17.9	28.1	103.8	97.6	157.2	9.3	9.7	16.8	9.0	8.2	11.4
Uzbekistan	21.2	21.8	18.9	101.0	100.7	121.6	11.8	13.0	11.4	9.4	8.8	7.5

Source: National Statistic Agencies

The largest trading partner for Central Asian countries is Russia, followed by China. All of the countries also have Afghanistan and Iran as their key trading partners besides certain EC countries. Intraregional trade has grown slightly over the recent years as well.

Considering continued conductivity of external commodity market environment as well as governmental support of internal consumer demand, it is expected that positive trends of economic development of Central Asian countries will persist in medium term.

Economic development of these countries in middle term will be under influence of the developments in the Middle East and Near East, primarily in Iran and Afghanistan. These are among key trading partners of the region's countries. There are a number of mutually beneficial projects in the areas of power industry, transportation and hydrocarbon communications.

1.2. Development dynamics of integration processes in Central Asia

Regional processes in the world have become dramatically complicated over the recent two decades. Central Asia continues to search for its own model of regionalism as well.

Uniformity of Central Asian economies slightly hampers their cooperation and formation of a single economic region. Over the period of their independence Central Asian states have already made attempts to integrate. In 1994, Uzbekistan, Kazakhstan and Kyrgyzstan signed the Agreement on creation of Single Economic Space among them. In 1998, Tajikistan acceded the Agreement and Central-Asian Economic Union (CAEU) was formed. Within the framework of the Union a system of agreements and arrangements was put in place encompassing a wide range of mutual lines of cooperation, and a system of bilateral agreements on free trade, mutual investment protection and avoidance of double taxation on the incomes and property, and integrated utilization of water and energy resources was formed. Regulations of the Steering Committee on Science and Technology Development (SCSTD) and Program of Cooperation on Labor Migration were approved. However, those arrangements failed to achieve proclaimed goals due to unmatched positions of member states and at the end of 1990s the status of the association was lowered to that of an intrastate forum (CAF). Efficiency of the Union was affected by: the lack of free trade regime among all of the members; different economic interests in utilization of natural resources, setting of cross-border power utilization and transport transit tariffs; persistence of administrative restrictions in accounts settlement and payment relations and bilateral convertibility of national currencies; differences in methods of reforming.

However, all countries realized the necessity of regional economic cooperation, and in December 2001 the structure was transformed into Central Asian Cooperation Organization (CACO). The new integration project envisaged expansion of cooperation from purely economic to cultural humanitarian and political, as well as to cooperation in the area of security. The new regional structure focused primarily on preservation of stability and balance in the region. In this context, special attention was paid to the relations with Afghanistan. It also preserved priorities of its predecessor in the area of economic cooperation: transport, energy, utilization of cross-border water resources, while abandoning the idea of overarching economic integration. The decision was made to focus on building-up of three consortia: transportation consortium, food consortium and water consortium.

In October 2004, Russia acceded CACO. This attested to the fact of the region's growing role. In October 2005, Uzbekistan declared its decision to accede EurAsEC, which lead to an automatic merger of CACO with that organization. However, unmatched positions and a number of intrastate contradictions forced the republic to exit the Union as early as in 2008.

CACO performance was not lavish, either. None of the three consortia has ever emerged in spite of efforts made by specialists of the World Bank, Asian and Islamic Development Banks towards their creation.

Nevertheless, the idea of creating a regional integration association has not become less urgent. The President of Kazakhstan N. Nazarbayev put forth an idea of establishing Union of Central Asian States. For this purpose, establishment mechanism of the Union was elaborated according to which UCAS should be formed in three phases: Phase 1 (2006-2008) – building up regulatory framework and implementation of free trade regime; Phase 2 (2009-2015) – creation of Customs Union, formation of common merchandise and service markets; Phase 3 (2015-2020) – creation of single economic space. Economic crisis has frozen the attempts towards creation of this regional association but never forced this idea to be dropped. It is likely to be adapted to the changed economic situation.

In summary, integration processes in Central Asia advance not quite easily. The states aim to maintain their own national interests rather than to develop integral relationships in the regional context. Kazakhstan, Kyrgyzstan and Tajikistan show certain interest in economic integration. Uzbekistan prefers to develop relations with the neighboring states on bilateral basis. Turkmenistan, notwithstanding reforms currently underway, seems to be far from focusing on intraregional projects.

II. CENTRAL ASIAN COUNTRIES' INTEGRATION POTENTIAL AND CHALLENGES IN EURASIA

The Eurasian space (CIS and EurAsEC) exerts a serious influence on integration drive of Central Asian countries.

Over the years of EurAsEC existence (since 2001) its member states have overcome an economic decline and have witnessed the following growth: average GDP in the Union – 46%, industrial and agricultural production – 39% and 24% accordingly, freight transportation – 38%, capital investments – 89%. National currency exchange rates stabilized, inflation rates lowered.

However, member states complement each other on inter-sectoral level, which involves certain difficulties for development of mutual trade, creation of competitive environment and single customs space.

There is a serious mismatch between economic potential and capacity of the countries' market: Russia's potential is 8 and more times the aggregate potential of the rest of the Union members. The major bidirectional trade flows link Russia with Belarus and Kazakhstan.

Table 4

Mutual trade of EurAsEC countries (million dollars)

Countries	Belarus			Kazakhstan			Kyrgyzstan			Russia			Tajikistan		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Belarus				421.8	657.2	729.4	77.5	59.8	117.2	18,404.8	27,874.3	38,697.0	46.9	51.8	67.0
Kazakhstan	388.3	867.2	768.2				480.5	567.3	701.1	12,844.3	15,273.8	20,765.9	294.5	312.6	438.2
Kyrgyzstan	68.9	93.7	226.1	507.0	2,081.7	750.4				1,282.6	1,378.8	1,453.1	26.7	22.2	37.2
Russia	23,444.8	27,874.3	38,697.0	12,443.6	11,488.6	23,853.5	1,275.5	1,341.7	1,714.0				897.8	958.3	1,036.4
Tajikistan	45.7	47.6	72.3	255.1	276.3	405.2	19.1	18.1	37.3	786.4	886.4	810.4			

Source: calculated by author based on: Foreign trade of CIS countries in 2010, Interstate Statistical Committee of CIS. M. 2011; Statistical Bulletin, No.4, April 2012. Interstate Statistical Committee of CIS. M. 2012.

Positions of Central Asian countries differ with respect to integration into the Union. *Kazakhstan* regards EurAsEC as an important factor of sustainable economic development and stage-by-stage modernization of economy based on utilization of national resource and transit potential, and as an opportunity of addressing the problem of access to sea to promote its goods in world markets. For *Kyrgyzstan* and *Tajikistan*, EurAsEC activities are important primarily in terms of addressing most pressing socio-economic problems. Transportation component of these states' export to EurAsEC countries is so huge that even duty free export in many instances (agricultural products and mineral raw materials) cannot compensate heavy transportation and transit expenses. This accounts for these countries' unenthusiastic attitude to the Customs Union. These countries, though, hold major stakes in having a common food market and an agreed tariffs policy of the Union countries. Of fundamental importance to Kyrgyzstan and Tajikistan is an agreement signed by heads of EurAsEC states regarding joint development of Central Asian water resources, which allows to increase investment inflow from Russia and Kazakhstan.

Turkmenistan and *Uzbekistan* are not on EurAsEC. Turkmenistan pursues diversification policy with respect to its pipeline system. For *Uzbekistan*, EurAsEC member states are among key trading partners accounting for more than 40% of the republic's external turnover. Its primary trading partners in this area are Russia and Kazakhstan with their share in the total Uzbekistan goods turnover with EurAsEC countries making around 70% and 21% accordingly.

Three EurAsEC countries that have united into the Customs Union (CU), namely Russia, Kazakhstan and Belarus have the best integration pace. CU emerged as a milestone event that is capable of changing negative trends in development of post-Soviet states' economic cooperation.

The first attempt to establish CU in the second half of the 1990s was unsuccessful. The 1995 Agreement provided for phase-by-phase establishment of a new supranational structure, conceptually similar to present-day efforts. Some of planned activities were carried out, though: customs control on the Russian border with Belarus and Kazakhstan was abolished.

The first Customs Union was incapable due to several reasons. The countries were not prepared to delegate part of their authorities to supranational structures and did not want to harmonize their customs policies. In 2000, Russia restored customs control over import from third countries on Russian border with Belarus, and in 2001 re-established customs border with Kazakhstan.

In 2006, EurAsEC Interstate Council resolved that legal framework of the new Customs Union be implemented for the time being by three states – Belarus, Kazakhstan and Russia, and the rest of member states would accede the Union when their economies were ready. Officially the Customs Union became operative in 2010 upon introduction of the Universal Customs Tariff (UCT) and enactment of the Customs Code. The Code contains a number of provisions which have no legal analogy in the customs laws of member states: it introduced the notion of the CU's Single Customs Space; defined universal terms and conditions of customs transit across entire area of the Union; abolished customs clearance in mutual trade and – gradually – customs control (on the border) of the goods originating in the member states and third countries' goods released to circulate freely within the single customs space. It also introduced the concept of an authorized economic operator entitled to enjoy special simplifications which may be applied to customs procedures. Starting in 2012, actions of the Customs Union organs and its governmental entities may be contested in EurAsEC Court.

Russia's accession to WTO has certain effects on Belarus and Kazakhstan. For smooth cooperation of its members, Agreement on the Customs Union Operation within the Framework of Multilateral Trade System was entered into force on August 22, 2012, whereby the parties have committed to use their best efforts to bring such trade system into compliance with WTO standards. The Agreement gave effect to amendments to the CU Commission Resolution on the Amended and Restated Universal Foreign Trade Classification of the Customs Union and the Universal Customs Tariff of the Customs Union.

90% of import duties remain at previous levels. Import duty rates for about 1,000 out of around 11,000 commodity items will be reduced. Preliminary calculations show that with the transition to the revised Universal Customs Tariff average weighted rate of import customs duty will drop from 9.6% to 7.5-7.8%. It is expected that it will take three to eight years to fully switch to new import duties on a number of goods. Tariff rates for approximately 25% of the total number of commodity items may be subsequently raised to match the level of tariff liabilities (binding level) which provides various sectors and producers with additional opportunities to level negative implications of Russia's accession to WTO. Besides import duties, Russia's accession to WTO touches upon the rates of export duties and charges for customs formalities.

The Free Trade Zone Treaty signed on October 18, 2011 among the CIS member states will allow to protect foreign trade interests of the Customs Union members and to determine advantages of non-discriminative access to the state parties' markets. Appendix 6 to the Treaty contains a protective barrier against application of WTO standards to those CU countries which have not yet acceded the organization. This protection operates in such a way that allows the CU member states to agree on introduction of import duties on the most favorable treatment basis on certain goods from a CIS state whose participation in the WTO Treaty leads to growth of such goods import in volumes detrimental to or threatening to cause damage to the CU industry.

Benefits of the Customs Union membership which are still advantageous notwithstanding incorporation of WTO provisions into its legal framework include simplification of a number of external border procedures, wide application by customs agencies of electronic declaration and document management systems, free goods turnover and no customs clearance inside the Union, free movement of goods and investments within the CU states.

By the end of 2009, the CU member states agreed on expansion of integration-oriented cooperation. In December, EurAsEC Interstate Council approved at the highest level the Action Plan for Establishment of Single Economic Space of Belarus, Kazakhstan and Russia. Under the Action Plan, first set of 14 core documents should have been signed by January 1, 2011 and become effective by July 1, 2011, while the second set of six documents should have been signed by July 1, 2011 and become effective by January 1, 2012.

In July 2010, highest level meeting of EurAsEC Interstate Council in Astana decided to speed up the process. The governments were tasked to take steps and ensure that all international agreements, i.e. 20 instruments intended to form the legal framework of the SES, be signed by January 1, 2011. In the course of subsequent work it was found reasonable to merge some of the agreements. Presently the whole set includes 17 agreements.

In November 2010, four Agreements were signed by top-level governmental meeting of EurAsEC Interstate Council in Saint Petersburg concerning: universal principles and rules of

technical regulation; cooperation in the area of combating illegal labor migration from third countries; legal status of migrant workers and members of their families; provision of access to services of natural monopolies in power industry, including bases of pricing and tariff policy.

In December 2010, all of the remaining agreements intended to form the contractual legal framework of the SES were signed as part of the events comprising highest level meeting of EurAsEC Interstate Council, including: three agreements signed by the heads of the states: on coordinated macroeconomic policy; on coordinated principles of currency policy; on creation of conditions in financial markets for free capital movement; ten agreements signed by the Vice PMs of member states: on universal principles and rules of regulating natural monopoly entities; on universal principles and rules of competition; on universal rules of extension of industrial subsidies; on universal rules of state support to agricultural sector; on public (municipal) procurement; on service trade and investments in the member states of the Single Economic Space; on universal regulation principles in the area of intellectual rights protection and enforcement; on the order of organization, management, operation and development of common petroleum and petrochemicals markets; on the rules of access to services of natural monopoly entities in the area of gas transportation by gas transmission systems, including bases of pricing and tariff policy; on regulation of access to services of railroad transport, including bases of tariff policy.

Presidents of Russia, Belarus and Kazakhstan have also adopted the Single Economic Space Declaration in which they expressed their confidence in an efficient further development of integration process in Eurasia.

Out of the above 17, fundamental are the Agreements on coordinated macroeconomic policy and on coordinated principles of currency policy. Macroeconomic coordination is understood to be coordination of currency exchange rates, levels of sovereign debt, inflation and budget deficit. As to coordinated currency policy, it means a congruence in exchange market interventions and mutual settlements in national currencies. Initial draft of the agreement provided for a closer cooperation in the currency policy issues, but central banks feared loss of independence in implementation of such a policy. The question of introducing common currency has not been discussed yet.

In July 2011, all member states ratified the coordinated macroeconomic policy agreement for the SES. This instrument's goals are to determine lines along which the SES member states will carry out their coordinated macroeconomic policy and to define principles, procedures and mechanism for its coordination.

The SES states' coordinated macroeconomic policy will focus primarily on maintenance of macroeconomic stability and development of economies with a view to deepen integration, determination of universal functioning principles of economies and facilitation of their efficient interaction.

Additionally, it is expected to elaborate general principles and guidelines for forecasting socio-economic development. The agreement determines that forecast development including key forecast parameters of macroeconomic policy will be coordinated in a number of areas. First of all, these include analysis and monitoring of economic development of the SES member states, determination of main directions for three years ahead, elaboration of scenario predictions of socio-economic development, sharing of reforming experience.

The SES members also coordinate for three years period quantitative interval values of external parameters used in preparation of official forecasts of socio-economic development such as Brent oil price, global economy growth rate and the parties' national currencies exchange rate to USD and/or Euro.

The SES states shape their policy within the confines of quantitative parameters that determine sustainability of economic development:

- annual deficit of national budget not exceeding 3% of gross domestic product;
- sovereign debt not exceeding 50% of gross domestic product; inflation level (annual average of consumer price index) not exceeding by more than 5% over inflation level of the SES member state having the lowest price growth.

It shall be noted that in exceptional cases the SES member states may cooperate to moderate quantitative values of macroeconomic indicators which determine sustainability of economic growth, considering the situation at hand.

The Agreement stipulates that central (national) banks of the parties are entitled to carry out their monetary and exchange rate policies regardless of any coordinated interval values of macroeconomic indicators.

Governmental authorities will also monitor core macroeconomic indicators for the purpose of determining the degree of integration and economic stability.

Macroeconomic indicators will be coordinated on a stage-by-stage basis. At the first stage the countries' experts will hold consultations and coordinate their positions to come up with a mechanism for the Agreement implementation. They will also devise criteria to determine any exceptional cases giving rise to possibility of revision of quantitative parameters that determine sustainability of economic growth (budget deficit, sovereign debt and inflation level). Calculation methods required for determination of macroeconomic indicators that measure sustainability of economic growth will be coordinated at this stage as well.

The quantitative parameters determining economic growth sustainability (budget deficit, sovereign debt and inflation level) are to come into force with the second stage (January 2013). The countries will coordinate key areas of economic development of the parties and scenario parameters for preparation of three year forecasts with a view to attain quantitative parameters. Should any SES member's key economic indicators be out of primary guidelines of the parties' macroeconomic policy, or if any country faces serious economic problems, relevant authorities will hold necessary consultations to come up with corrective suggestions.

Convergence of macroeconomic parameters will be ministerial to balanced development of the parties' economies and will help mitigate both the risk of "economic overheating" and insolvency of the states and high level of sovereign debt.

Shaping economic policy within the framework of universal macroeconomic parameters will signal businessmen and investors that macroeconomic environment will be predictable and stable in the long view which is an important factor for any business. Establishment of the SES opens doors wide for free movement of economic resources. Additional impulse for development

of trade relations among the states will be conducive to abatement of nontariff barriers among them.

Eurasian Economic Union is to become operative in 2015. Integration within the EEU framework will enable the member states not only to expand their market channels but also to liberalize internal, national markets and to switch to universal standards (general technical rules), which must match EU standards as much as possible. In addition, every company in the EEU countries will enjoy all benefits granted to domestic producers including access to state orders and contracts across the common economic space.

Experts say that single economic space advantages include harmonization of requirements and standards applicable to goods and services, implementation of a coordinated industrial policy with a view to eliminate technology gaps and product incompatibility.

Presently, the member states need to address a number of issues related to price equalization across the CU, harmonization of technical rules and other technical issues and nontariff inconsistencies. Therefore, during 2012 EurAsEC Summit the heads of CU member states decided not to force establishment of the Eurasian Economic Union until 2015.

In addition, all EurAsEC countries plan to accede the Customs Union in the long run. For the purpose, an additional protocol was signed which amends the agreement establishing the Eurasian Economic Community that also confers upon the Interstate Council the functions of the Customs Union's supreme organ. Today this protocol is undergoing the ratification process in the member countries' parliaments.

To compete successfully, EurAsEC countries will need to modernize their transport infrastructure. A concept of Single Transport Space (STS) was approved early in 2008, which is correlated with the Customs Union becoming fully operational and is planned to be put in place by 2020. One of the major transportation system problems of these member states is high level (up to 70%) of deterioration of physical assets, as well as moral ageing of hauling stock of all types of transport. Infrastructure barriers impede rail and shipping by internal waterways in communication with third countries having different rail gauge and navigation pass dimensions. EurAsEC Interstate Council has approved an investment program aimed at renovation of roads and hauling stock. The Concept provides for implementation of 52 joint projects to build roads, bridges, logistical centers by 2020.

Economic policy coordination, development of cooperation in the area of water power engineering and shaping power market, development of cooperation in the areas of agriculture and labor migration are also among priorities of EurAsEC development along with establishment of the Customs Union and creation of the Transportation Union.

III. ASIAN INTEGRATION BACKGROUND

Looking into experience of some of the Asian integration structures is essential for the search for options of economic integration development in Central Asian region.

3.1. East Asian integration, Association of Southeast Asian Nations (ASEAN)

In East Asia, over the recent 50+ years integration trends have been developing on the basis of building-up of a regional production chain of the countries by using their competitive advantages and strengthening mutual economic cooperation. Starting point for integration was financial collaboration. The issue of introducing a common currency has been raised repeatedly in the region, and a model of Asian currency unit (ACU) was designed.

ASEAN, initially established for the purposes of forming a customs union and stabilizing military and political situation in the Southeast Asia, became the most efficient structure. Until the 1990s, its integration achievements were little: a zone of preferential trade was formed, with many exceptions and a scarce list of mutual trade items, and mutual production cooperation had been developing. In the beginning of 1990s ASEAN states began intensifying their regional cooperation and establishing new integration institutions as part of the Association, which has an impact on economic development of the national economies.

Table 5

Annual gross rates of GDPs at market prices based on national currencies, %

Country	1981	1985	1990	1995	2000	2005	2010
Brunei	-19.8	-1.5	1.1	4.5	2.8	0.4	-
Vietnam	-	3.8	5.1	9.5	6.8	8.4	6.8
Indonesia	8.1	3.5	9.0	8.4	4.9	5.7	6.1
Cambodia	-	-	-	6.4	8.8	13.3	6.7
Laos	-	5.1	6.7	7.0	5.8	7.1	8.4
Malaysia	6.9	-1.1	9.0	9.8	8.9	5.3	7.2
Myanmar	6.4	2.9	2.8	6.9	13.7	13.6	-
Singapore	10.7	-0.7	10.1	7.3	9.1	7.4	14.5
Thailand	5.9	4.6	11.2	9.2	4.8	4.6	7.8
Philippines	3.4	-7.3	3.0	4.7	4.4	4.8	7.6

Source: Martynova, E.S. APEC vs ASEAN: Genesis, Evolution and Development Prospects // International Organizations Research. 2012. No. 2 (37) P. 148

In 1992, a decision was made to create AFTA, ASEAN's free trade area, which led to emergence of a free trade area for seven states by 2003. The same year 2003, it was decided to create an ASEAN Community as a unity of three communities – economic, political and socio-cultural, as stated in the Strategic Framework of the Initiative for ASEAN Integration for 2009-2015 and Roadmap for an ASEAN Community for 2009-2015.

Economic community serves to shape single market and production industry, to promote economic region as competitive in Southeast Asia and deeply integrated into global economy. As part of economic region formation it was planned to:

1) fully eliminate customs duties by 2015 for the Indochina countries (Laos, Cambodia, Myanmar);

2) remove nontariff barriers by 2010 for ASEAN-5, by 2012 for Philippines and by 2015 for the rest of the member states;

3) liberalize service trade by 2013 through full removal of restrictions imposed on four types of service trade, as well as with respect to transportation, medical and tourist services, e-commerce by 2010 and for the rest of services by 2013;

4) with respect to free investment flows, facilitate shaping of ASEAN investment zone, liberalize investment and capital movements through removal of restrictions;

5) achieve free movement of highly qualified specialists.

One of the key indicators of the integration progress made by the Association countries is the share of mutual export in the gross export volume. It grew from 15% in 1980 up to 25.5% in 2008. It is the highest level among integration associations of purely developing countries. The aggregate GDP of ASEAN countries grew from \$264.3 million up to \$1,499.4 billion in 1987-2009 and per capita GDP in current prices grew from \$1,606 to \$2,534 in 2005-2009.

Major role in integration development is played by ASEAN's free trade zone agreements with other Asia Pacific countries. These agreements helped eliminate customs duties on a vast majority of goods. All of the agreements regulate liberalization of trade in goods, while there are differences with respect to other segments of common markets under development.

Table 6

Free Trade Areas of ASEAN and some of East Asian countries

Agreement	Year	Customs liberalization	Services	Advanced integration
ASEAN – China	2005	gradual	select areas	Restricted FTA
ASEAN – Republic of Korea	2007	considerably rapid	select areas	“New Age” FTA
ASEAN – Japan	2008	gradual	negotiations	Restricted FTA
ASEAN – Australia, New Zealand	2009	considerably rapid	all-inclusive	Moderate FTA
ASEAN – India	2009	gradual	excluded	Restricted FTA

Source: Kostyunina, G.M. East Asia's Regionalization: Origins and Principal Models // http://www.perspektivy.info/rus/desk/regionalizacija_vostochnoj_azii_istoki_i_osnovnyje_modeli_2011-03-15.htm

The 1997-1998 Asian Crisis put before ASEAN and the East Asian region as a whole the question of putting together a reliable system of financial and economic cooperation capable of preventing any future crises from affecting the region, together with elaboration of mechanisms that would allow to control financial and economic situation in the region. Relevant negotiations completed in May 2000, resulting in certain commitments being made by the meeting of ASEAN member states' Finance Ministers in Chiang Mai, Thailand. The bottom-line of the Chiang Mai Initiative was to sign bilateral currency swap agreements. In 2000, agreement was reached with respect to the signing of bilateral swap agreements among members of ASEAN, PRC, Japan and South Korea. By 2008, there already existed a network of such agreements connecting PRC,

Indonesia, Japan, South Korea, Malaysia, Philippines, Thailand and Singapore. Each of those agreements represented “arrangements between central banks of two countries with respect to possible exchange of national currency for foreign one”. The result was to create an additional safety cushion against potential currency crisis. Upon a pre-crisis event any state party to such an agreement may receive a currency loan to replenish its reserves. It was initially agreed that to receive such loan, an affected country would be required to coordinate it with each of the other countries it had bilateral currency swap agreements with. This scheme was too complicated. During 2006 meeting of ASEAN+3 in Delhi, Finance Ministers of ASEAN member states and their partners in dialogue reached an agreement regarding transition from such bilateral swap agreements to a multilateral scheme. According to new arrangement, a special meeting will be convened within two days following any affected country’s request for assistance, and a decision will be made thereby. Any required amount will be provided within 1-2 weeks by all countries at once.

In 2000, Finance Ministers of ASEAN member states and their partners in dialogue agreed to build a joint reserve pool designed for mutual assistance in restoring currency liquidity in amount of \$120 billion which made around 60% of the total amount of currency reserves of ASEAN+3 member states. These funds proved to be sufficient to stabilize the region’s financial market in early 2000s. Major portions were contributed by China and Japan (\$38.4 billion each), South Korea (\$19.2 billion), Indonesia, Thailand, Malaysia and Singapore (\$4.55 billion each). In 2012, the amount of the reserve pool was doubled, though presently 80% of the funds in the joint reserve pool may be used with IMF consent only. Eventually, the Chiang Mai Initiative is going to promote creation of an Asian Monetary Fund, – a regional copy of the International Monetary Fund.

Considering successful expansion of the bilateral swap agreements network, in May 2009 ASEAN+3 Finance Ministers agreed on Chiang Mai Initiative Multilateralization and creation of a regional currency reserves pool. The agreement came into force in 2010.

The Chiang Mai Initiative was finally multilateralized in 2011 with the establishment of ASEAN+3 Macroeconomic Research Office (AMRO). ASEAN Economic Research and Policy Dialogue, operating since 2000 at the level of Ministers of Foreign Affairs of ASEAN countries, China, Japan and South Korea, focuses not only on information sharing but also identification of potential debt problems of the region’s economies.

The participants decided to mandate the Office with phasing out dependence of financial assistance provision conditions under the Initiative on IMF restrictions.

In late 1990s, so called ASEAN Surveillance Process was launched. Its mandate included sharing information regarding economic and financial developments in ASEAN countries. It was expected that the Association members would maintain expert evaluation process and monitor mainstream economic trends at regional and global levels with a view to take preventive steps in potential crisis situations. Although the process bears an informal character and does not imply taking any practical measures by the community in case of crisis, it has built a foundation for a wider regional modality in ASEAN+3 format.

In the East Asian integration practice, they apply so called Singapore issues – the issues of deep economic integration under WTO+ model: investment, competitive policy, government

procurement and trade facilitation. However, due to controversies among the countries, agenda of the Doha Round of negotiations included only one of them, being trade facilitation.

In strengthening of the East Asian regionalism, an important role was also played by a dialogue that aims to establish an East Asian Economic Community (EAEC) by 2020. In their 2009 meeting, ASEAN Economy Ministers reconfirmed their countries' determination to establish EAEC on a stage by stage basis as follows:

— Stage 1: signing agreements and creating free trade zones among ASEAN and select East Asian countries, Australia, New Zealand and India, and completing formation of ASEAN communities by 2015;

— Stage 2: shaping East Asian Free Trade Zone under ASEAN+3¹ model;

— Stage 3: shaping an East Asian community under ASEAN+6² model on the basis of a Closer Economic Partnership Agreement.

Over the past four decades, East Asia has been distinct with its dynamic growth of extra-regional trade. In the period of 1967-2007, East Asian-EU goods turnover grew from 2% to 8% of the East Asian GDP, East Asian-NAFTA trade grew from 4% to 9%, and with other Asian countries – from 3.5% to 11% accordingly. As to investment interdependency, it is very high – 64% (compare: EU – 75%) and is still growing rapidly.

With all that, East Asia has not got the same level of interstate cooperation development and regional institutions as EU. While European states are characterized by homogeneity, East Asian countries are, in contrast, characterized by diversity of their historical, political, economic and cultural factors and national priorities, which complicates formation of regional institutions, connectivity of the region's countries, stimulation of cooperation.

East Asian countries have made considerable achievements in economic regionalization. They need to intensify development of interstate cooperation, financial and political institutions, and enhance synergy, though.

3.2. Asia-Pacific Economic Cooperation (APEC)

Asia-Pacific Economic Cooperation forum (APEC) was established in 1989 by a meeting of Economy and Foreign Affairs Ministers of twelve Asia Pacific countries: Australia, Brunei, Canada, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand and USA. In 1991, the forum was acceded by China and, as independent participants, Hong-Kong and Chinese Taipei (Taiwan) (which are, under the PRC Constitution, a special administrative region and a province of China, accordingly). Mexico and Papua New Guinea

¹ ASEAN+3 model contemplates creation of an East Asia Free Trade Agreement zone (EAFTA) encompassing 10 ASEAN states, Japan, China and RoK.

² ASEAN+6 model contemplates signing of an agreement on Closer Economic Partnership in East Asia (CEPEA) with a view to establishment of a free trade zone encompassing 16 member states of East Asian Summit.

acceded APEC in 1993, and Chile did so in 1994. Upon accession of Russia, Vietnam and Peru in 1998, a decision was made to introduce a 10 year moratorium on further expansion of the number of APEC members (extended in 2008). Other countries showing interest in joining APEC include Cambodia, Columbia, Costa Rica, Ecuador, Guatemala, India, Macao, Mongolia, Pakistan, Panama and Sri Lanka.

APEC today is: 4.9% of the world's GDP, 47.1% of the global goods and services trade, 44.5% of the total direct foreign investments accumulated in the world and 39.9% of the world population.

The Forum discusses any issues except politics. APEC is regarded as a free “cluster of economies”. It is a liberal consultative forum with no clear organizational structure and big bureaucracy (secretariat only). All decisions of the Forum are adopted in consensus. Economies officially demonstrate commitment to open regionalism principle which is interpreted as freedom of choice by APEC members of concrete modalities for trade liberalization.

APEC fixes no potential structure, membership or future issues for discussion. Priorities of chairmanship, possible development of APEC are determined on the basis of initiatives with consideration of the principles of topicality and continuity. APEC member economies interact basically by way of open information sharing. APEC strives to create a universal information space.

Table 7

Key macroeconomic indicators of Russia and APEC economies in 2010

Country	Area, thousand km²	Population, million people	GDPs (PPP), billion dollars	GDPs (PPP) per capita, thousand dollars
Australia	7,741.2	21.9	865.0	39,543.0
Brunei Darussalam	5.8	0.4	19.4	48,538.0
Vietnam	329.3	88.4	276.5	3,127.8
Hong Kong	1.1	7.0	326.2	46,575.4
Indonesia	1,904.6	232.5	1,029.8	4,429.2
Canada	9,984.7	34.2	1,327.3	38,809.9
PRC	9,598.1	1,338.3	10,084.8	7,535.5
Malaysia	329.7	27.9	414.4	14,853.0
Mexico	1,965.0	108.5	1,652.2	15,227.6
New Zealand	267.7	4.4	130.7	29,704.5
Papua New Guinea	462.8	6.9,	16.8	2,434.8
Peru	1,285.2	29.5	275.4	9,335.6
Republic of Korea	99.3	48.9	1,417.5	28,987.7
Russia	17,098.2	141.8	2,812.4	19,833.6
Singapore	0.7	5.1	291.9	57,235.3
USA	9,632.0	309.7	14,582.4	47,085.6
Taiwan	36.0	23.0	789.2	34,313.0

Thailand	513.1	68.1	586.8	8,616.7
Philippines	300.0	93.6	367.4	3,925.2
Chile	756.6	17.1	257.5	15,058.5
Japan	377.9	127.4	4,332.5	34,007.1
Total APEC	62,689.1	2,734.6	41,856.1	15,306.2
Region's share in the world	46.8%	39.9%	54.9%	-

Source: APEC: Reference Information. 2011–2012–2013 // Official site of Russian APEC Study Center. // http://www.apec-center.ru/contribs/filemanager/connectors/html/filemanager.html?virt_name=%2FAPEC_broshura.pdf

One of focus areas for APEC's integration drives is liberalization of trade and investment: by 2010 for developed economies, by 2015 for new industrialized economies and by 2020 for developing economies (Bogor Declaration). The Osaka Action Agenda (1995) named 15 areas for change: tariffs and nontariff measures, services, investment, standards and conformance, customs procedures, competition policy, government procurement, implementation of WTO obligations, dispute mediation, mobility of business people, information gathering and analysis. The agenda proposed the concept of flexibility which means that the countries should achieve the long-term goal of free and open trade and investment on the basis of progressive reduction of customs duties and improving transparency of customs regimes.

With the adoption of Manila Action Plan for APEC (MAPA) in 1996, APEC entered its action phase en route to achieving the global APEC objective based on three pillars – individual action plans, collective action plan and joint activities on economic and technical cooperation. Another important component of the MAPA is trade facilitation through cooperation in the areas of standardization, harmonization of customs procedures, coordination of competition policy and dispute resolution. It also outlined long-term targets: reducing average weighted duty rates down to 0-5% and removing nontariff barriers not later than 2010-2020; introducing national regime in investment sphere not later than 2010-2020 with minimal exceptions; introduction of standstill provisions, i.e. non-elevation of protection level and implementation of progressive liberalization to achieve the Bogor Goals.

In its Auckland Summit held in 1999, APEC endorsed principles to enhance competition and regulatory reform. Growth of APEC economies' international trade involved a significant growth of APEC intraregional trade, too – from \$1.4 trillion in 1994 to \$3.3 trillion in 2005, with the leading positions still retained by USA, Japan and China.

In 2008 in Lima, APEC leaders came to a vital decision that global recession must not preclude liberalization, and agreed not to erect any new barriers in international trade and investment within one year.

Another key area of APEC activity is economic and technical cooperation (ECOTECH). Primary goals of its projects are to eliminate gaps in the member states' economic development levels, in per capita incomes, in technological and industrial potentials in order to strengthen the member economies' connectivity. Priorities have been set as follows: human resources development; development of stable and economically efficient capital markets; enhancing infrastructure; future technologies development; improving quality of population's life through

implementation of environmental programs; developing and strengthening small and medium businesses.

Today's economic and technical cooperation spans across four areas: information and expert sharing; development of technology level, skills and knowledge improvement programs; infrastructure development; coordination of economic policy in addressing short-term macroeconomic problems; balance of payments adjustment.

The third area of APEC's concern is maintenance of sustainable economic growth. It is planned to expand cooperation in finance area, to carry out a macroeconomic policy dialogue to facilitate a greater predictability of economic development of the region's economies, promote structural reforms to the benefit of competitive industries development.

To date, no international organization but OECD has ratified the Multilateral Investment Agreement. In the circumstances, APEC's non-binding investment principles became an important component of the management structure controlling this area of economic cooperation.

An important role in strengthening economic integration in Asia Pacific is played by regional trade agreements (RTA) and free trade agreements (FTA) which greatly stimulate free flows of goods, services, investment and workforce. Today, there are more than 20 RTAs/FTAs operating with the participation of APEC economies. Standard terms and conditions of RTAs/FTAs are preferred in order to keep complexity, costs and administrative burdens of business-making in the region to minimum.

East Asian Community can be also instrumental to shaping free trade zone in Asia Pacific (AP) under the FTAAP (Free Trade Area for Asia Pacific) concept. This initiative was endorsed during APEC's Hanoi Summit in 2006.

The Transpacific Strategic Economic Partnership Agreement (TSEPA) which was signed in 2005 and encompasses 8 states: Australia, Brunei, Chile, Peru, Singapore, USA and Vietnam, can well be an apt instrument in implementing this project. Another option focuses on East Asian Free Trade Zone or the model of East Asian Closer Economic Partnership Agreement which is still a concept but with certain implementation date being 2015, and continued analysis of its economic viability for member economies.

There are plenty of instruments adopted within APEC framework which bear non-binding nature but reflect serious intentions and have an indirect effect on national laws. Control assisted by such "soft laws" has a number of advantages including:

- Flexibility: mandatory harmonization can be replaced with optional policy coordination, which allows the economies to adapt their obligations to specific internal conditions.
- Possibility of cooperation with unrecognized states (as between China and Hong Kong (Xianggang) and Taiwan).
- Possibility for non-governmental structures to take part in management process which is hardly ever possible in conventional legislative processes.

To date, economic liberalization rate in the APEC region prevents achievement of Bogor Declaration goals in full and as scheduled. In the years to come, APEC will be called to take practical steps to improve efficiency of its activities. Main challenge is maintenance of balance between voluntary assumption of obligations and mandatory, ideally simultaneous, performance thereof.

There are two noteworthy points that speak of institutional viability of APEC. Firstly, APEC has proven itself in AP to be one of the most prominent regional economic associations that has made notable success in liberalization of trade and investment; APEC economies have managed to harmonize some of the trade policy rules (standardization, certification, tax requirements). Secondly, APEC's role as an instrumentality to maintain Washington's dialogue with the AP economies will grow in the long run.

3.3. South Asian Association for Regional Cooperation (SAARC)

SAARC was formed in December 1985 to facilitate socio-economic cooperation among Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Afghanistan acceded the Association during its 14th Summit in April 2007.

The organization addressed the issues of economic, technical and cultural cooperation. It was also agreed that no issues of bilateral nature including any disputes would be discussed during joint forums and that no resolutions would be deemed passed unless all of the parties consented.

In the 1990s, mutual trade turnover accounted for approximately 1% of the total trade volume of SAARC economies. There existed a number of barriers precluding strengthening of intraregional trade and integration, primarily differences in socio-economic development level of the region's economies and in their economic policies. At the outset of integration process the economic patterns of South Asian countries existed in almost complete isolation from each other with no interaction among them. Over time, South Asian countries began showing a drive for development of regional economic ties.

To address these issues and to develop intraregional trade, and also to augment mutual investment, in its 9th Summit in Male in May 1997, SAARC member states began discussing the conditions of creation of South Asian Free Trade Area (SAFTA), which was established in 2006 by seven founding states. SAFTA Agreement is based on the principle of differential treatment of member economies.

To facilitate its development, a Trade Liberalization Program (TLP) was endorsed. TLP implies a differential customs duties reduction schedule. Bangladesh, Bhutan, Maldives and Nepal may reduce their customs duties gradually, at first down to 30% and then to 0-5% over 10 years period following their ratification of the Agreement. While India and Pakistan both have 7 years, Sri Lanka has 8 years to achieve the same targets. Bangladesh, Bhutan, Maldives and Nepal have priority in building up a list of sensitive goods and enjoy standstill against protective measures.

Modalities for harmonization of goods classification standards, customs formalities, licensing and import registration procedures, banking procedures for foreign trade financings,

transit regulation, macroeconomic consultations and visa regime for business travel purposes are also operative within the SAFTA framework.

These measures helped improve intraregional trade. Thus, total export volume of member economies as of August 10, 2011 reached the level of \$1.3 billion.

Table 8

Trade in SAARC in 2006-2011 (million dollars)

Year	Bangladesh	India	Maldives	Pakistan	Sri Lanka	Total
2006	0.00	0.00	0.01	0.06	0.00	0.07
2007	15.3	3.7	0.00	0.6	0.01	19.7
2008	98.3	9.0	0.00	31.6	0.04	139.3
2009	199.8	315.3	0.00	43.4	0.6	559.2
2010	236.7	277.0	0.00	56.1	0.4	570.3
2011					0.8	0.8
Total	550.1	605.0	0.01	132.1	1.9	1,296.8

Source: http://www.saarc-sec.org/areaofcooperation/detail.php?activity_id=5

In 2007, Afghanistan became the eighth member to SAFTA. The organization faced the question of what capacity Kabul will be acting in under the Trade Liberalization Program, as the rest of the member states had by that time reduced their tariffs as required by the Program. As a result of negotiations the Committee agreed that Afghanistan might prepare tariffs concession extension schedule and advise of its decision.

The Afghan Foreign Ministry submitted a schedule for extension of tariff preferences containing a list of 1,056 commodity items. The rest of goods, save for those listed as sensitive, have tariff rates of 5% or less. The relevant protocol became effective on August 7, 2011.

During the 17th Summit of SAARC held in October 2011 in Maldives, an agreement was reached to further reduce the rates of mutual tariff lines and to shorten the member states' "sensitive" goods lists. Pakistan agreed to reduce its Sensitive List by 20% (leaving 936 tariff lines), Maldives by 40% and India by 100% (for the least developed member states of SAARC).

By 2012, SAFTA Working Group on Reduction in the Sensitive Lists has reduced the Sensitive Lists by 20%. Maldives has reduced its Sensitive List from 681 tariff lines to 152 tariff lines (78% reduction) and India – from 480 tariff lines to only 25 tariff lines (95% reduction). Pakistan waived its list of 2,000 items previously banned to import from India. Other steps were also taken to facilitate liberalization of trade relations among neighboring countries, in particular, business visas issuance procedure was simplified.

The work on reduction in the Sensitive Lists will continue. The issue was discussed again by the meeting of SAFTA Experts Committee in Islamabad in February 2012. It was decided to form a special Working Group of SAFTA on Reduction in the Sensitive Lists. Reduction will affect those goods which are of export interest to member states.

However, major part of trade business in the region is transacted on bilateral basis rather than under SAFTA.

Agreement on Trade in Services was signed during the 16th SAARC Summit (Thimphu, April 2010) to further expand cooperation and foster integration. Since the date of signing of the Agreement, the Expert Group has already held four meetings to discuss and agree on the timing of the parties' specific undertakings. Trade Ministries of member states carried out monitoring of processes in this area and presented the lists of their countries' undertakings together with the times for their completion. Such Lists are expected to be completed and officially endorsed by the Expert Group in its meeting later in 2012.

Another area of concern is customs cooperation. During 2004-2009, the Sub-Group on Customs Cooperation worked towards carrying out its mandate of facilitating further discussion in the areas of Draft Agreement on Mutual Administrative Assistance in Customs Matters, harmonized national customs systems, and fighting commercial fraud. This Agreement was signed in August 2010 in Faridabad (India).

In January 2009, Sub-Group focused, *inter-alia*, on issues relating to harmonization of customs clearing procedures and documentation among the SAARC member states. In this context, it undertook detailed examination of basic export/import documentation of the member states, and national procedures for their filing. This allowed to make several recommendations with a view to facilitating trade in goods in SAARC in the sub-Group's next meeting held in February 2010. These include:

- focus on building infrastructure including roads and railways networks near the land border customs stations (LCSs);
- customs clearance procedures at LCSs also need to be smoothened;
- export documentation could be simplified;
- move towards automation in clearing trade consignments and developing an electronic data exchange system with a view to ensure better facilitation of trade in goods among the SAARC countries.

The Meetings of SAARC Finance Ministers have also become a regular feature on the agenda of SAARC. Inter-Governmental Expert Group on Financial Issues was established with a mandate to develop the roadmap for achieving the South Asian Economic Union (SAEU) in a gradual and phased manner.

In December 1992, SAARC Chamber of Commerce & Industry (CCI) was recognized by SAARC as a regional cooperation body. The objectives of the SAARC Chamber of Commerce & Industry are as follows:

1. To encourage trade, service, industry, small and medium enterprise, agriculture, intra-regional through creating strong business linkages amongst the entrepreneurs of the region of South Asia.
2. To make recommendations to safeguard the economic and business interests of the SAARC.

3. To serve as a consultative body of the private sector of the region to provide input/feedback on regional economic issues.
4. To encourage member countries to accord preferential terms of trade to each other and finally strive towards the gradual realization of the SAARC Economic and Monetary Union.
5. To promote the exchange of commercial, technical, industrial management and scientific information, education and know-how amongst its members.
6. To collate, collect and disseminate statistical data and joint research and development among the SAARC member countries.

SAARC also addresses the issues of harmonization of national standards. The Agreement on the Establishment of South Asian Regional Standards Organization (SARSO) has been ratified by all member states and entered into force in August 2011. The first meeting of the Governing Board of SARSO was held in Bangladesh in December 2011. Work on standards harmonization in 12 identified products has commenced.

South Asian countries continue their search for efficient ways of expanding cooperation. In the specialists' estimation, 46% of Indian, 45% of Pakistani, 60% of Bangladeshi and 75% of Nepali firms regard poor infrastructure and trade barriers to be impediments to expansion of their cooperation.

To help solve the situation at hand, a 10-item agenda was proposed for the years 2010-2020 to improve regional connectivity:

1. Implementation of transit trade on a reciprocal basis under WTO and SAFTA provisions along with the finalization of agreements regarding motor vehicles, railways and inland water transport and shipping.
2. Strengthening of cross border infrastructure, money, finance, trade and investment. Specific projects were named.
3. Standardization of customs documents and procedures across the region.
4. Provision of a green fast-track multi-modal transport channels and corridors to facilitate efficient regional supply chains.
5. Improvement of sub-regional land and inland water connectivity to and from the north eastern part of the subcontinent.
6. Implementation of transit trade agreements between Bangladesh and India, as well as Afghanistan, India and Pakistan.
7. Jointly promoting the development of Afghanistan, Pakistan, India, Bangladesh and Myanmar (APIBM).
8. One open sky policy regime to be implemented.
9. Use of one SIM for all phones in South Asia.
10. One energy bank for South Asia.

This Road Map will allow SAARC member states to improve regional connectivity and start a new era of economic cooperation of South Asia.

3.4. Economic Cooperation Organization (ECO)

Economic Cooperation Organization (ECO) was established in 1985 and is the successor organization of Regional Cooperation for Development (RCD) which existed under the Treaty of

Izmir signed among three founding states – Iran, Pakistan and Turkey on March 12, 1977. The cooperation within the framework of this organization mainly bore bilateral nature until 1992 when it was expanded to include new members being Central Asian countries, Azerbaijan and Afghanistan.

The Treaty of Izmir continued as the charter of the updated ECO, though it was modified to reflect changed political and economical situation in the region. Its updated version was signed by all member states during special meeting of the ECO Council of Ministers on September 14, 1996 and entered into force on September 24, 2002.

The Plan of Action adopted by the ECO Council of Ministers in their meeting in Quetta, Pakistan in February 1993 and endorsed by the second high level meeting in Istanbul envisaged cooperation in the areas of transportation, trade, energy, industry, agriculture and tourism. The “ECO Long Term Perspective” envisaged in the Istanbul Declaration (July 7, 1993) determined ECO sectoral priorities with specific targets in such areas as economy, science and culture.

The organization’s Secretariat consists of six Directorates supervising its activities in key areas of regional cooperation (transport and telecommunications; trade and investment; energy, minerals and environment; agriculture and industry; healthcare, education and culture; economic research and statistics), Drug Control Coordination Unit, six Regional Development Institutions (Trade and Development Bank, Reinsurance Company, Shipping Company, Air Company (ECO-Air), Chamber of Commerce and Industry, and College of Insurance) and three Specialized Agencies (Cultural Institute, Science Foundation, and Consultancy & Engineering Company).

Economic component prevails in relations between the ECO member states. In the 1990s, some of the organization’s member states attempted to make it more politics-oriented, but to no avail.

As proclaimed by its members, the overall objective of ECO is to facilitate continued and integrated socio-economic development, consistent and progressive integration of the region’s economies into the global system of economic relations, closer regional cooperation and mutual assistance in the areas of culture, technology and science.

Primary area of cooperation is trade. A single trade regime within the framework of ECO is still underway. Over the years of the organization’s existence, a number of agreements has been signed addressing transit trade, simplified visa procedures for businessmen from the ECO member states, as well as a framework agreement on trade cooperation in the region. These form the legal framework for development of trade. However, the trade potential of the association is underused. With the estimated turnover of \$16 billion, actual volume is just a bit over a quarter. Specialists see economic reasons of such situation in different levels of economic growth of the member states and disagreements with respect to the scope and methods of implementation of joint projects.

Discussions on a new trade agreement started in September 2002 during Expert Group meeting in Almaty. A consensus was reached regarding the need to liberalize mutual trade and to carry out a deep analysis of existing tariff and nontariff measures. As to the liberalization of foreign trade and time for its accomplishment, the parties’ positions are different.

In July 2003, representatives of 10 countries signed an agreement on reduction of trade tariffs by 15% within the following eight years. It was expected that annual minimum reduction in tariffs would be 10% and would encompass not less than 5% of goods. Afghanistan has no participation in the agreement as the country has no tariff system.

In September 2004 in Dushanbe, the countries agreed to reduce tariff and nontariff barriers among the region's economies within 10 years period. Through such steps ECO hopes to raise trade volumes in intraregional market within this period from 6% to 20%.

The ECO member countries have committed to organize a free trade area by 2015. If successful, such FTA will allow to enhance turnover among the ECO countries eight-fold. To date, only part of the planned measures has been implemented.

The 8th meeting of the Council of Ministers of the ECO member states held in Almaty in May 1998 witnessed the signing of the Transit Transport Framework Agreement, the Charter of ECO Educational Institute, and the Memorandum of Understanding on Cooperation Against Smuggling and Customs Frauds. Not all states have signed them, though.

Regulatory framework existing as part of ECO regulates investment relationships of the member states. Agreement on ECO Investment and Agreement on Promotion and Protection of Investments Among ECO Member States promote mutual investments among ECO member states and regulate protection thereof. Neither Party may in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment, extension, or disposal of investments.

To enhance capabilities of implementing multifaceted economic projects, Turkey, Iran and Pakistan initiated establishment of the ECO Trade and Development Bank with \$1 billion in equity capital.

Among other cooperation areas, priority is given to the infrastructure development of the East-West and North-South transportation corridors. Underdevelopment of transportation in the region impedes the growth of intraregional trade. Building of a regional transportation system was initiated as part of the Program of Action for ECO Decade of Transport and Communications adopted during the ECO Summit held in Ashgabat in May 1997. In 1998, the Transit Transport Framework Agreement (TTFA) for freight and passenger carriage was signed in Almaty. In addition, committees, working groups and programs were created for various transport areas, including railway, automobile, sea transport, civil aviation, communication and multimodal transport. The ECO Secretariat plans around 30 events in this field annually.

In August 2004, Action Program for Transport and Communication Development in the region for 1998-2007 was updated, the ECO Transit Transport Framework Agreement and the facilitation of smooth running of container trains along the Trans-Asian Railway was discussed, the automobile and sea transportation development measures and actions were elaborated, and implementation of the ECO Tele- and Postal Communications Development Plan was discussed as part of the 5th Meeting of Ministers of Transport and Communication of ECO member states held in Issyk-Kul, Kyrgyzstan.

In 2006, during the 6th ECO Ministerial Meeting on Transport and Communications held in Tehran, it was decided to establish the High Level Expert Group (HLEG) for Implementation

of the ECO Program of Action for Transport and Communications. Subsequently the experts turned to elaboration of new projects. Based on the results of the Expert Group work, Foreign Ministers of the ECO member states extended the ECO Transport Program during their meeting in Herat in October 2007.

The ECO member states pay great attention to transit transport development. The transit transportation is carried out on the basis of TTFA which came into force in May 2006. To regulate transit transport issues, the Transit Transport Co-ordination Council (TTCC) and its five technical committees were established. In 2008, TTFA Fund was established upon decision of the Second TTCC Meeting. The same year, the ECO Interim Motor Vehicle Third Party Civil Liability Insurance Scheme (ECO White Card Scheme) was launched encompassing Afghanistan, Iran, Pakistan, Tajikistan and Turkey.

The 7th ECO Ministerial Meeting on Transport and Communication held in Antalya, Turkey in April 2008 adopted decisions on implementation assessment of the Action Program for Transport and Communication Development in the region for 1998-2007 and regional rail road transport cooperation, the issues of multimodal transportation, maritime cooperation in the region, civil aviation and establishment of the ECO Logistics Provider Associations' Federation (ECOLPAF).

Since the establishment of ECO, a number of transportation projects have been carried out and put into operation. In May 1996, the Tejen (Turkmenistan) – Serakhs – Meshhed (Iran) Trans-Asian Railway was built within the ECO framework. It connects to the 700 kilometer long Bafa – Bandar Abbas railway. Linking of Turkmenistan's and Iran's railroads has opened for Central Asian countries and China the shortest way of access to Near East and the Persian Gulf.

Allocation of \$100,000 by the ECO Feasibility and General Purpose Fund was endorsed in 2007 in Astana to facilitate regular Istanbul – Almaty train and Islamabad – Tehran – Istanbul express train (ITI Express) service. Turkey undertook to build necessary relations with European countries including Bulgaria to facilitate linkage of Istanbul – Almaty and ITI Express services to the European railroad network. These services started to operate regularly from Istanbul on August 2, 2010.

Another container train transit service was launched in 2011 connecting Bandar Abbas (Iran) and Almaty (Kazakhstan).

ECO also fosters maritime cooperation. Pursuant to the decisions of the 4th Meeting of Heads of Reference Marine Organizations (HRMO) being members of the ECO held in Tehran in February 2008 regarding the assistance of transit member states to landlocked members, Iran provided a list of facilities, discounts and special arrangements to the advantage of the ECO landlocked member states at Chabahar Free Zone. These included the allocation of a land area "ECO Zone" on which the ECO member states may carry out economic activities. Iran will also provide discounts in leasing of industrial units and plants, and discounts in storage and handling charges.

Economic revival of Afghanistan is another important area of cooperation. All countries have stake in these activities. In its meeting of Foreign Ministers held in June 2003 in Bishkek, the ECO Council of Ministers endorsed the Plan of Action for the reconstruction of Afghanistan and a concept document on the ECO participation in the process. ECO COM asked the member

states to take effective steps for the early convening of the Financial Experts' meeting to finalize the modalities for establishment of the ECO Special Fund for Reconstruction of Afghanistan and implementation of those programs in the Plan of Action.

The establishment of the Special Fund and modalities for its operation were approved during the next ECO Summit in Dushanbe (2004). The Special Fund accumulates voluntary contributions of the ECO member states. However, the Summit did not prepare a document that defines concrete targets for reconstruction in Afghanistan. Apparently, bilateral relations with the Afghan Government in the area of assistance in economic recovery were more preferable for the most of donors.

Cooperation in oil and gas sector is of definite interest, too. A High Level Expert Group was established back in 2000 during the Tehran Summit to analyze the possibility of installing oil and gas pipelines in the territories of the ECO member states.

For Kyrgyzstan and Tajikistan, cooperation in the area of energy is of special importance within the ECO cooperation framework, primarily for the development of small-scale and large-scale water power engineering using their rich water resources, and implementation of the joint ECO-IDB project on interconnection of power systems in the ECO as well.

Notwithstanding the ins and the outs of the organization's development, ECO's potential is considerable. Aggregate GDP of the ECO member states in 2011 reached \$1.7 trillion, which makes 2.4% of the global GDP. Per capita income is around \$4,000. Aggregate goods turnover of the ECO countries makes around \$768 billion and 2% of the global turnover.

These figures are not indicative of the full ECO member states' economic potential. The elimination of all obstacles in the ECO countries' trade and removal or exemption of some of the customs duties and taxes may be a good opportunity for development of trade among the ECO member states.

It is essential for the growth of the ECO countries' economy to develop cooperation in the area of agriculture. The Agriculture Ministers of the ECO member states will gather for this purpose in Antalya, Turkey on November 13-16, 2012.

IV. SUGGESTIONS FOR REGIONAL COOPERATION DEVELOPMENT IN CENTRAL ASIA

Since their inception, the Asian regional associations (ASEAN, SAARC, ECO) have undergone various development stages. ASEAN's experience represents a deeper and rather efficient model of regional connectivity and integration with a focus on a wider macro-regional and even extra-regional network of economic cooperation. Although integration projects under SAARC and ECO models develop at a slower pace, they possess positive cooperation experience in certain areas of activity, too. Regionalization processes are still underway in all of the named communities and presently they are in a search for optimal modalities for their cooperation and expansion of integration.

APEC, which has the status of a forum and not of a clearly institutionalized integration arrangement, has been expanding connectivity processes on a macro-regional level. Its practice of a "soft" integration system enabling cooperation on more flexible conditions by adapting

regional undertakings to specific internal conditions of economies, is notable. Such experience is very important for Central Asia and for preserving regional integrity and economic development.

The Customs Union and Single Economic Space established as part of EurAsEC among Belarus, Kazakhstan and Russia, with Kyrgyzstan, Tajikistan and possibly other CIS countries potentially joining them in future, can be conducive to development of Central Asian countries' potential. Harmonization of customs, trade rules and standards, congruence of macroeconomic and currency policies in the framework of the SES greatly improves connectivity among Central Asian countries.

Analysis of the above regional groups' experiences shows that an infrastructural system for economies connectivity is required to achieve more efficient integration associations. Here, "connectivity" is meant to include not only physical (transport, energy and telecommunication infrastructures) but also non-physical ("soft" infrastructure – development policy, promotion of trade, border management (customs service, duties, visa regime etc.)) connections within the region through development of necessary infrastructure that will facilitate free movement of goods, people and services across the region. Connectivity is one of the factors, probably a key one, in the wider sense of development. (What is meant here is not only intra-regional links but also the density of the region's linkage to the external world).

Presently, connectivity stands to be the primary objective for Central Asian countries. They can apply experience of Asian integration associations for this purpose, and to build effective integration modalities as well.

Today Central Asian countries mainly collaborate on a bilateral basis, which significantly narrows down possibilities for connectivity and economic integration. Heavy interdependency among all countries in the region leaves them no room for addressing their national economic problems independently. It is very difficult to address the issues of transporting energy resources to world markets, water and power problems, efficient use of transit potential and a number of other economic challenges without joint efforts. Analysis of Asian integration associations shows that once cooperation institutions are in place, member economies grow more efficiently and mutual solutions of interstate economic disputes can be found. Integration collaboration therefore should be intensified through combined efforts of Central Asian countries in addressing region-wide problems.

Balancing of economic growth in Central Asia should be gravitated towards increasing demand and consumption amongst the region's economies, promoting intra-regional trade to compensate cut down export, and amplifying investment flow through rechanneling it to industry sectors to build up production infrastructure.

A more effective use of natural, human and production potential can be achieved through a better integration of regional market, harmonization of bilateral free trade agreements and possible establishment of Central Asian Free Trade Area.

Since the majority of Central Asian countries are within free trade area as part of CIS and all of them have bilateral free trade agreements with each other, having in place a developed physical infrastructure will promote expansion of transit trade which, in turn, will require harmonization of transit trade rules. Perhaps, the countries will manage to set up green fast-track transport channels and corridors similar to those existing in Asian integration communities.

Border trade conditions should be improved through harmonization of standards for customs documentation and procedures and reducing nontariff barriers in regional trade.

It is necessary to continue and even speed up modernization of transport infrastructure in the region through expansion beyond national transport systems and creation of trans-boundary communications.

It is also necessary to improve trans-boundary infrastructure both in the southern and northern directions, as it will facilitate a better use of their middle location in Eurasia and transit roads along the South-North, East-East lines.

Considering successful implementation of bilateral currency swap arrangements in East Asia within the Chiang Mai Initiative, Central Asian states could use national currencies interchange experience to additionally strengthen financial security against potential exchange crisis. In case such a scenario of currency interrelations in the region proves effective, one can then think of establishing regional reserve funds, too. Affected countries could make use of such funds effectively.

Having a single Central Asian services market could promote development of economic sectors that are new for the region. By way of example, there are many historical and cultural places of global importance in Central Asia. Each of countries already has its own touristic and pilgrimage routes. Joint trans-boundary tourism projects (e.g., “Silk Way Cities” or “Central Asia’s Islamic Sacred Places”) could be of the utmost interest for the region.

If embodied, these suggestions will help promote both expansion of regional connectivity and integration, and development of interregional relations.

LIST OF ACRONYMS

ASEAN – Association of Southeast Asian Nations
AP – Asia Pacific
APEC – Asia-Pacific Economic Cooperation
AFTA – ASEAN Free Trade Area
EAEC – East Asian Economic Community
GDP – gross domestic product
WTO – World Trade Organization
EurAsEC – Eurasian Economic Community
EU – European Union
STS – Single Transport Space
UCT – universal customs tariff
SES – single economic space
EEU – Eurasian Economic Union
HRMO – Heads of Reference Marine Organizations
HLEG – High Level Expert Group
SARSO – South Asian Regional Standards Organization
MERCOSUR – Community of Southern Cone Countries
NAFTA – North American Free Trade Area
CACO – Central Asian Cooperation Organization
ECO – Economic Cooperation Organization
OECD – Organization for Economic Co-operation and Development
RTA – Regional Trade Agreement
SAARC – South Asian Association for Regional Cooperation
CIS – Commonwealth of Independent States
FTA – Free Trade Agreement
TLP – Trade Liberalization Program
CU – Customs Union
TTCA – Transit Transport Coordination Authority
TTFA – Transit Transport Framework Agreement
CA – Central Asia
CAEC – Central Asian Economic Community
CAF – Central Asia Forum
CAU – Central Asian Union
SCO – Shanghai Cooperation Organization
FTAAP – Free Trade Area of the Asia-Pacific
SAFTA – South Asian Free Trade Area
SAEU – South Asian Economic Union

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APPENDICES

Table 1

Kazakhstan's Key Macroeconomic Indicators
(based on data provided by the Republic of Kazakhstan Statistics Agency)

	2008	2009	2010	2011	2012 (January- April)
Gross domestic product:					
current prices, billion US dollars	132.2	107.7	146.0	186.2	46.7*
<i>% of previous period</i>	103.2	101.2	107.0	107.5	104.6
<i>per capita, thousand US dollars</i>	8.58	7.3	8.2	11.0	
Industrial production:					
current prices, billion US dollars	84.5	60.5	79.8	106.8	36.9
<i>% of previous period</i>	102.1	101.7	110.0	103.5	102.7
Agricultural production:					
current prices, billion US dollars	10.9	10.9	9.8	15.3	1.8
<i>% of previous period</i>	94.4	113.8	88.3	126.7	94.2
Equity investment:					
current prices, billion US dollars	31.9	30.8	32.4	34.0	7.5
<i>% of previous period</i>	105	102.1	99.5	102.4	104.1
Freight traffic:					
billion t/km	369.8	336.8	381.0	444.4	145.8
<i>% of previous period</i>	105.5	91.1	113.1	116.0	116.7
Retail turnover:					
current prices, billion US dollars	20.9	17.1	20.4	25.0	8.4
<i>% of previous period</i>	104	96.1	112.3	112.5	111.8
Inflation rate (for period, %)	7.0	6.2	7.8	7.4	0.7
Turnover					
current prices, billion dollars	108.9	71.6	89.0	126.2	30.8*
<i>% of previous period</i>	135.5	65.6	124.3	140.2	134.1
Export					
current prices, billion dollars	71.1	43.2	59.2	88.1	21.8*
<i>% of previous period</i>	149.1	60.7	137.1	148.0	132.3
Import					
current prices, billion dollars	37.8	28.4	29.8	38.0	9.0*
<i>% of previous period</i>	115.7	75.0	104.8	125.0	138.7
International reserves (including funds of National Fund), billion dollars	46.5	47.6	59	73.0	86.0
	(27.4)	(24.4)	(30.4)	(43.7)	(51.0)
Official exchange rate KZT to US dollar (period's average)	120.30	147.50	147.35	146.6	147.79

* - January-March 2012.

Source:

http://www.economy.gov.ru/minec/activity/sections/foreigneconomicactivity/cooperation/economicsng/doc20120530_03

Table 2

Kyrgyzstan's Macroeconomic Indicators

	2008	2009	2010	2011	2012 (January- March)
Gross domestic product					
<i>(current prices)</i> billion dollars	5.1	4.7	4.8	5.9	1.1
% of previous period	108.4	102.9	99.5	105.7	93.2
per capita, dollars	954	849	876	1,063	
Industrial production					
<i>(current prices)</i> billion dollars	2.4	2.3	2.8	3.5	0.6
% of previous period	115	94	110	112	72.3
Agricultural production					
<i>(current prices)</i> billion dollars	3.0	2.5	2.4	3.1	0.4
% of previous period	100.9	107.2	97.4	102.3	101.0
Equity investment					
<i>(current prices)</i> billion dollars	0.9	1.0	1.0	1.0	6.1
% of previous period	106	130	90	93	109
Surplus (+) / deficit (-) of state budget, million dollars	42.8	-69.0	-149.5	-293.6	15.0*
Gold-exchange reserves (at the end of period), million dollars	1,222	1,588	1,719	1,831	1,894
External turnover, million dollars	5,928	4,713	4,979	6,489	929*
<i>including:</i> export	1,856	1,673	1,756	2,240	223*
import	4,072	3,040	3,223	4,249	706*
Population (at the end of period), thousand people	5,348	5,418	5,478	5,551	5,571
Unemployed (at the end of period), thousand people	67.2	61.4	63.4	61.1	61.8
Official unemployment rate, %	2.9	2.6	2.6	2.5	2.5
Average monthly nominal wage, KGS	5,378	6,161	7,189	9,339	9,776*
USD	147.1	143.6	156.4	202.5	209.2*
Consumer price index (December of preceding year), %	120	100	119	106	101
Average national currency exchange rate, KGS to US dollar	36.57	42.89	45.96	46.11	46.72

* January-February 2012 data

Source:

http://www.economy.gov.ru/minec/activity/sections/foreigneconomicactivity/cooperation/economicsng/doc20120530_06

Table 3

Tajikistan's Key Macroeconomic Indicators
(based on data provided by the Tajikistan Statistical Agency)

	2008	2009	2010	2011	2012
					January-March
Gross domestic product					
current prices, billion dollars	5.14	5.0	5.6	6.5	1.2
growth rate, %	107.9	103.4	106.5	107.4	107.2
per capita, dollars	713.2	662.6	742.3	847.1	
Industrial production volume					
billion dollars	1.72	1.51	1.8	1.6	0.41
growth rate, (%)	96.0	93.7	109.7	105.9	114.6
Agricultural production					
billion dollars	2.28	1.90	2.1	3.2	0.16
growth rate, %	107.9	110.5	106.8	7.9	7.2
Equity investment,					
billion dollars	1.18	0.9	1.0	1.1	0.13
Inflation rate for period, %	11.8	6.4	6.5	9.3	-*
Unemployment rate, %	2.2	2.2	2.3	2.6	2.6
External turnover					
million dollars	4,676.2	3,578.7	3,853.1	4,443.3	1,245.5
growth rate, %	116.5	76.4	107.6	15.4	7.8
Export, million dollars	1,406.4	1,010.0	1,195.2	1,256.9	328.2
Import, million US dollars	3,269.8	2,568.7	2,657.8	3,186.4	917.4
TJS to US dollar exchange rate	3.4	4.1	4.4	4.61	4.76

* Inflation rate of January-March 2012 was not published by the Agency on Statistics under President of the Republic of Tajikistan.

Source:

http://www.economy.gov.ru/minec/activity/sections/foreigneconomicactivity/cooperation/economicsng/doc20120530_04

Turkmenistan's Key Macroeconomic Indicators

(based on data provided by State Committee of Turkmenistan on Statistics and published materials of meetings of the Cabinet of Ministers of Turkmenistan and other official sources)

	2007	2008	2009	2010	2011	2012 (January-March)
Gross domestic product						
current prices, billion dollars (<i>calculation data</i>)	13.89	15.36	18.48	21.4	28.9	
growth rates in comparable prices, % of previous period	111.0	114.7	106.1	109.2	114.7	110.5
per capita, dollars (<i>calculation data</i>)	2,130	2,360	2,840	3,290	4,450	
Equity investment , billion dollars, in current prices (<i>calculation data</i>)	1.61	5.44	9.61	10.22	12.59	139.6
External turnover ,						
billion dollars	13.4	17.6	18.3	17.9	28.1	
growth rates, in % of previous period	149	132	103.8	97.6	157.2	148.7
Export , billion dollars	8.9	11.9	9.3	9.7	16.8	
Import , billion dollars	4.5	5.7	9.0	8.2	11.4	
Balance of trade , billion dollars	4.4	6.2	0.3	1.5	5.4	
Consumer price indices , % of previous period	108.6 ¹			104.8 ²	105.3	99.2
Average monthly wage , dollars (<i>calculation data</i>)	177.9	212.1	237.8	260.6	296.3	
National currency exchange rate (TMT to US dollar) ³	5,200	14,250	2.85	2.85	2.85	2.85

¹ December to December.

² March 2012 to December 2011.

³ In the beginning of 2009, national currency was denominated and fixed exchange rate for US dollar was determined.

Source:

http://www.economy.gov.ru/minec/activity/sections/foreigneconomicactivity/cooperation/economicsng/doc20120530_005

Table 5

Uzbekistan's Key Macroeconomic Indicators

(Based on data provided by the Republic of Uzbekistan State Statistics Committee)

	2008	2009	2010	2011	2012 (January-March)
Gross domestic product					
<i>current prices, billion dollars</i>	26.5	31.8	37.7	43.3	9.5
<i>growth rate, %</i>	109.0	108.1	108.5	108.3	107.5
<i>per capita, dollars</i>	960.1	1,146.1	1,335.3	1,465.6	320.2
Industrial production					
<i>billion dollars</i>	17.0	18.5	20.5	23.2	6.1
<i>growth rate, %</i>	112.7	109.0	108.3	106.3	106.0
Agricultural production					
<i>billion dollars</i>	7.5	8.4	9.6	10.9	0.97
<i>growth rate, %</i>	104.5	105.7	106.8	106.6	106.1
Equity investment					
<i>billion dollars</i>	6.4	8.3	9.7	10.2	2.1
<i>growth rate, %</i>	134.1	124.8	109.2	108.5	104.4
Inflation rate, %	7.8	7.4	7.3	-	-
External turnover					
<i>million dollars</i>	21,197.3	21,209.6	21,844.2	25,537.1	5,907.4
<i>growth rate, %</i>	134.8	100.1	103.0	115.0	102.0
Export, million dollars	11,493.3	11,771.3	13,044.5	15,027.2	3,133.4
Import, million dollars	9,704.0	9,438.3	8,799.7	10,509.9	2,774.0
National currency exchange rate (UZS to US dollar)	1,408.4	1,511.4	1,640.0	1,795.0	1,862.03

Source: http://www.economy.gov.ru/minec/activity/sections/foreigneconomicactivity/cooperation/economicng/doc20120530_02