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Contemporary Reshaping of Eurasian Integration: Russia’s Policies and their Implication for the EU and EurAsEC

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Abstract

This paper covers contemporary global developments with involvement of Russia, particularly trade and economic integration, establishment of new international unions and alliances, and recent actions of Russia on the world stage and its efforts on shifting of global balance of power. The specific issues, addressed in the paper, are related to the concept of globalization in general, its idea and some theoretical and practical approaches; specific challenges of globalization for economies in transition and application of those general challenges in Russia. Particularly, the paper describes the latest Russia’s actions as an initiator of geopolitical changes and discovers the major threats and opportunities for Russia and for Western countries.

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Introduction

Countries of the Eastern Europe and the Commonwealth of Independent States (CIS), including Russia, have their special way of development. They are referred to as “economies in transition”. Most of them are highly dependent on global market, particularly global demand on natural resources and primary products. Also, most of the economies in transition are not very much diversified, they are not able to spread risks of lower global demand in particular industries on the entire domestic economy. The common challenge for the economies in transition is to

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broaden and diversify their growth base (Agarwal, 2014). In their efforts to do this, these countries need to improve market access through trade policies and accession to the WTO, to introduce active industrial and other production sector policies, to develop infrastructure and attract investment and new technologies (Boling et al., 2014).

Russia, being the largest country in the region (and worldwide) does not want to consider itself as a developing nation, and is now actively seeking opportunities to become one of the global powers, alternative to the USA and the EU. Recent actions of Russia on the global stage affect its neighbors, reshape Eurasian integration and influence the region of the Eastern Europe, the CIS, the EU, and the EurAsEC.

Results and Discussions

The dynamic growth of world merchandise exports and imports after the Second World War is one of the most important factors of global economic development (Fig. 1). Such a growth was conditioned by quick restoration after the war, knowledge and technology transfer from military sectors into production, steady supply of energy resources, and growing economic integration (Heijman and Schipper, 2010). General Agreement on Trade and Tariffs was established in 1947, integration processes in Europe started in 1950s. Naturally, liberalization of trade regimes gave a boost to international trade. Since 1950 average tariffs have fallen significantly and are now at about 4% (Gusev, 2012).

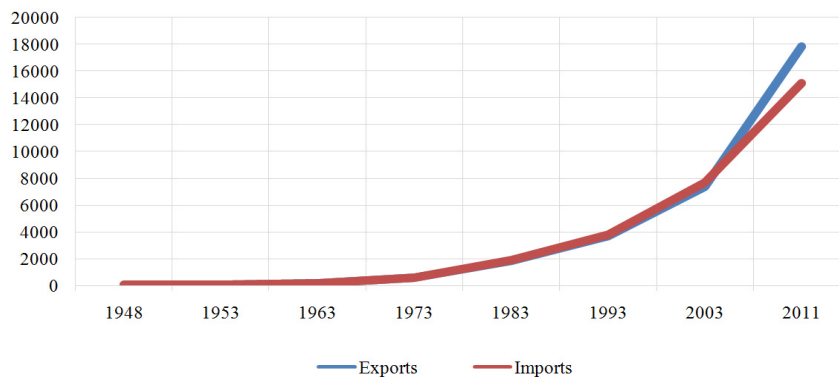


Fig. 1. World merchandise exports and imports, bln. \$
Source: author own computation

Larger and more developed nations were more involved into international trade, therefore their economies were more globalized (Dan, 2014). The EU, USA, Germany, UK are still among the top-ten countries of the world on foreign trade turnover. However, the major trend of international trade over past decades is the increasing share of developing and newly-industrialized countries. In 1960 the USA accounted for over 40% of world economic activity. By 2013 it accounted for less than 20% (Trading Economics, 2014). The USA together with the EU and Japan still accumulate a significant share of global exports, but new exports powers are rising. They are China, South Korea, Hong Kong, Brazil, India and other emerging economies (Fig. 2).

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