GLOBALIZATION CHALLENGES AND INTENSIFICATION OF INTEGRATION PROCESSES

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Interrelation of globalization and regional integration becomes a rather topical problem in the modern world. Globalization, which is a multifaceted and contradictive process of global economy development, engenders new integration blocs and unions. Regional integration is a complex process considerably depending on peculiarities of each specific case, where no rules exist, which would have been both universal and practical simultaneously for carrying out policy in regard to the integration agreements.

Dialectic of globalization and integration processes interaction shows that on one hand, establishment of integrative unions is a natural reaction to the negative effects of globalization that especially intensify under uncertainties of the world economic system, and on the other hand, it is a specific manifestation of an objective trend towards creation of a comprehensive global system of equitable partnership. However, so far there is no unequivocal answer to the question: does regional integration constitute a driver or a barrier for globalization, or

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perhaps a means used by the powers that be for eliminating differences and exerting pressure to subjugate the weaker ones? Actually the answer to this question depends on either strengthening or weakening of the real economic ties, as well as trade, investment, industrial and financial relations with groups isolated from the rest of the world, and whether there is a movement toward the highest form of integration not only between national economies, but also between groups of regionally integrated associations. In the current conditions this issue is increasingly becoming more relevant.

Gunnar Myrdal, a Swedish Nobel Laureate (1974) economist was one of the first researchers of integration problems. The primary "principles of assessment" in his research were the so-called "Western ideals of freedom and equal opportunities" and the concept of "international economic integration", which he considered essentially a "moral problem". Analyzing the situation with underdeveloped countries he concluded that the developed capitalist countries may not be expected to "voluntarily help them" and that the "ideal international integration" will take place only if "something close to a miracle" happens. Undoubtedly, economic integration is a unique tool for resolving the controversies of globalization. The significance of integration is determined by the opportunities that it creates for strengthening the competitiveness of the integrating nations in their fierce scramble for world markets, natural and energy resources, new technologies, investments, etc.

At the same time, the rich experience of Western European countries vividly demonstrates that integration helps increasing competitiveness of national economies. Establishment of integrating unions contributes to withstanding large transnational and national economic structures that may pose real threats to the sovereignty of developing countries and emerging markets.

It is well known that in 1980-90s the globalization process caused two interrelated phenomena: diminishing role of the nation-state and simultaneous emergence of regional unions (blocs). In the modern world the regional integration becomes a dominating trend of the global development. Virtually the entire world today consists of regional blocs. In Western Europe, North and South Americas, Southeast Asia, post-Soviet space and Africa there are large regional unions that are connected by common economic and geopolitical interests. The objectives and reasons for their creation had been different, but against the background of globalizing world economy all of those are focused on defending the national interests of the countries that they unite. Here lies their strength, incomparable to the potential of a separate country.

The current phase of development is characterized by intensifying processes of regional integration against the backdrop of increasing global uncertainty in the world economy. What uncertainty are we referring to? The researchers have been long talking about the necessity to revise the global economic system, especially its financial structure. In recent years leaders of states began to discuss this matter openly and even sternly.

In February 2009 the President of Kazakhstan N. Nazarbayev suggested in his article *Keys to the Crisis* that the global world crisis "is definitely an unprecedented phenomenon which does not have its analogy in world history and which is cardinally changing the world order with all its economic foundations. That is why for its analysis, understanding and for overcoming it a totally different approach is required which should reexamine all the old dogmas and stereotypes. In this regard it would be unproductive to look for scapegoats and guilty persons. At this time it is more important to concentrate on finding out the inner defects of the system, which have led to such powerful worldwide cataclysms, and it is even more important to find out ways for their total elimination. For doing that, one should have the courage to admit that we are standing at the threshold of creating a radically new, differently constructed model of world economy, politics and global security." [1]

During the last World Economic Forum (WEF) in 2012 many world leaders at last agreed that something has to be done with capitalism. Indeed, three years of the global financial and economic crisis exhausted the ability of many national economies, let alone international financial institutions to withstand future threats. In particular, the Global Risks 2011 report notes that governments' capacity to respond to global risks and new economic shockwaves has dropped to a critical minimum. At the same time a warning is issued that capabilities of the existing systems of global governance are insufficient for facing the global risks. The main conclusion of the report is that the last financial and economic crisis exhausted the potential of world economy to resist shocks. The frequency and severity of risks that global stability undergoes have increased, whereas the global governance system capabilities to thwart those have not [2].

In this regard one has to agree to with the opinion of M. I. Gelvanovski, a renowned Russian scholar in economics, who argues that in the global economy "we observe intensification of crisis phenomena that are not only structural, but also systemic in nature." He attributes the uncertainty of global situation to the circumstance that "USA's role as a global leader weakens, and currently there is no single power or coalition of powers that could offer a model of world order and rules of game. Europe is immersed in financial problems and seems incapable of such leadership; China is not ready yet; Russia is too weak and has not developed a strategic line; Islamic world continues to be divided. The international institutions are not ready to perform regulatory functions either. The UN, International Monetary Fund and World Bank were established under conditions of a bipolar world and currently need serious reforming at least" [3, p. 12-13].

In such circumstances thriving of the state, its role and place in the modern global economy to a certain extent depend on its ability to effectively function in integration associations, in an attempt to advance its national interests, which is quite a nontrivial problem.

Prof. G. Kołodko, a prominent Polish economist, having analyzed the actual processes of world markets integration, as well as patterns and changes of the trade flow geographical structures, has noted that widespread regionalism is a driver of globalization, rather than an obstacle on its way or a shield that protects it. He is convinced that integration of the world market not only has no contradiction to the increasing processes of regional integration, but actually facilitates them. In his opinion, "this is most evidently seen through the prism of increasing competition, as well as through converging, penetrating and progressing integration of the three great economic centers and their closest trade, finance and investment partners" [4, p. 106]. Traditionally, these centers are EU, USA and Japan. The rapidly developing economies of China and India can also be subsumed among those already.

Presently there are more than 200 regional integration models in the world. In all existing regional integration structures the intensity of economic ties is different, and the degree of integration varies for markets of capital, goods and services, as well as human resources. Many countries participate in several regional groups simultaneously. The most commonly known integration structures are the European Union

(EU), North American Free Trade Agreement (NAFTA), Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), Southern (South American) Common Market (MERCOSUR), Commonwealth of Independent States (CIS) and Eurasian Economic Community (EurAsEC). These regional integration structures have emerged at different times and are at various stages of development. It is absolutely clear that at the moment the EU is the highest form of regionalism. Overall, the European model can be considered the most successful and advanced one, manifested by deepening ties not only in economy, but also institutions and politics. At the same time, there are a number of problems in the progressive development of the EU and not all initiatives have been successful. For instance, the failure of Lisbon Strategy for the EU development between 2000 and 2010 can be mentioned. Among other objectives, the Strategy envisaged a technological breakthrough of the EU countries in world arena, aimed at turning it into the most competitive and dynamic "knowledge-based economic space in the world" [5, p. 4].

Incidentally, the subsequent adoption of the new "Lisbon-2" Strategy was rationalized by European scientists, who presented the results of their research [6], through which they convinced the politicians that the set objectives are not achievable. At the same time, successes and current complicated problems, in particular the debt crisis, are well-known and require no recitation.

Remarkably, emergence of integration unions in Asian, Eurasian and European spaces is preceded by crisis or shockwave phenomena in the system of international economic relations. For example, idea of unified Europe started to materialize after the World War II. End of the Cold War in late 1980s contributed to emergence of APEC Forum and

Regional Forum of ASEAN [7]. Collapse of the Soviet Union in 1991 led to creation of the CIS. After the Asian and Russian financial crises the EurAsEC was established. Georgia-South Ossetia armed conflict in August 2008 facilitated creation of the EurAsEC Customs Union. Also, forming of the Common Economic Space accelerated after the 2008-2009 global financial and economic crises. These chronologically sorted historical facts do not indicate at all that the mentioned associations emerged haphazardly. Quite the opposite, in almost all cases from laying foundations for unified Europe to establishment of the EurAsEC Customs Union, the prerequisites for their creation had surfaced much earlier, which is also evidenced by respective preparatory activities. Moreover, reasons for emergence of these regional integration associations have not been linearly dependent on the mentioned crises and shockwave phenomena, although existence of some cause-and-effect relationship seems undisputable.

It is certainly difficult to make comparisons between the integration associations due to strongly differing sizes of economy, significant variability in development extents of the participating countries and in other integration components. However, it appears that performing a comparative analysis of key parameters of the mentioned integration associations may provide insights regarding their role and significance in the global economy and allow identifying the main trends of their development.

Among the five regional associations selected for a comparative analysis the most representative one in terms of population number is the ASEAN *(Table 1)*, which constitutes 8.6% of the total world population (2011). It comprises about 4.2% of the world total GDP (GWP) in terms of purchasing power parity (PPP). The EU-27 has 7.2% of the world population and accounts for 20.0% of the GWP/PPP. Interestingly, in 1990 the EU-12 comprised almost the third (28.5%) of the GWP/PPP. At a first glance this may seem paradoxical, since the number of EU member-states has more than doubled, while their share in GWP has decreased. In reality, it is easily explained by the fact that during the last ten years a considerable part of GWP moved to the developing countries and emerging markets, the share of which has increased by more than 1.5 times from 30.7% to 48.9%.

Table 1.

Statistics of the Regional Integration Associations for 2010–2011[1]

Indicators	The Regional Integration Associations				
	EU-27	MERCOSUR (4)[2]	NAFTA (3)	ASEAN (10)	CIS (11)
Population, million people	504 151	247 368	466 083	598 880	274 978
GDP in terms of PPP, billion international dollars	15 821	3 097	15 221	3 334	3 400
Per capita GDP in terms of PPP, international dollars	31 067	12 453	34 512	15 236	11 926
Trade openness for exports[3], %	41.4	13.1	15.1	68.4	33.8
Trade openness for imports, %	38.2	12.9	17.4	59.2	25.9

Source: calculated and compiled by the author based on data from the World Economic Outlook Database (as of 2012) and UNCTAD Stat Database. Data on GDP/PPP and per capita GDP/PPP are estimates of the International Monetary Fund (IMF) for 2011.

[1] *Author's remark (here and hereafter)*: For the sake of compatibility the comparative analysis does not include indicators of APEC, because many countries of the five other associations are simultaneously members of APEC (e.g. Indonesia, Canada, Malaysia, Singapore, USA Russia, etc.).

[2] Numbers in parentheses indicate total numbers of countries that are members of the given regional association as of 2010.

[3] Goods and services trade openness indicators are for 2010.

Naturally, among the five regional associations NAFTA is the leader by size of economy, comprising 22.4% of GWP (in 1990 it was 29.6%), while 6.7% of world population lives in NAFTA countries. During the last two decades MERCOSUR, which has been formed in its current membership (Argentine, Brazil, Paraguay and Uruguay) in 1990, has dropped its share in GWP from 4.2% to 3.9%. It also hosts the smallest population among the five regional integration associations under consideration (with 3.6% of the world population). The CIS countries have almost 3.9% of the world population, with their share in GWP/PPP dropping from 5.9% (1992) to 4.3% (2011). Reasons for this are well-known: national economies experienced drastic downturn after the collapse of the USSR and in the period of new nation building.

The countries of NAFTA have the highest average GDP per capita ($25,582).They are followed by EU-27, MERCOSUR, CIS and ASEAN. The GDP/PPP of NAFTA is larger than those of MERCOSUR, ASEAN, CIS, EurAsEC and CU from 2.5 to 6 times. The following fact is interesting: as a result of expansion of “quantitative parameters” of EU “a gradual and considerable deterioration” of per capita GDP takes place. In particular, “its parameters decreased with every next expansion” [8, p. 84]. Without debating with the author, it has to be noted that according to our calculations, the per capita GDP/PPP of the EU-27 in 2011 has increased 1.9 times as compared to that of the EU-12 in 1980.

Definitely the trend of deteriorating quantitative and consequently, qualitative indicators of integration associations cannot be denied, if their expansion involves acquiring new members based purely on political or other non-economic considerations. At the same time, participation in regional associations leads to the growth of national economies. However, assertions that integration automatically leads to such growth appear to be incorrect. Integration undoubtedly creates possibilities for growth, but a number of requirements and conditions have to be met for that to happen. Some countries were able to do that, some others were not. For example, when Ireland joined the EU in 1973, its GDP per capita (in 2005 constant dollars) comprised 73% of the average EU level. Currently this country not only exceeds the average level by 1.7 times, but also has outperformed many leading countries, with its per capita GDP being the third largest in the EU after Luxemburg and Denmark. The situation totally different with Greece, the current per capita GDP of which has considerably worsened compared to that of 1981, when the country joined the EU. In other words, some countries are able to find their worthy place in the process of regional integration, while some are not.

Given the increasing role of APEC[1] in global economy as a whole and Asia-Pacific region (APR) in particular, it seems necessary to note some peculiarities of this integration association. In its activities APEC is guided by the principle of open regionalism, which implies developing economic cooperation and removing barriers to trade, finance and human resource flows within APEC, combined with adherence to principles of World Trade Organization (WTO). In mid-1990s APEC adopted the Bogor Goals and some other documents that formulated the objectives and ways to create a regional free trade zone. However, so far this has not happened, although the main documents for its establishment are constantly discussed. The difficulties for creation of a free trade zone are mainly related to lack of homogeneity among APEC members, which include both developed and developing economies. There are some key dis-

[1] APEC is the largest economic association in the world, established in 1989 in the period of Cold War's end. Currently APEC involves 21 countries that together comprise 56.2% of the GWP and 40% of the world population.

agreements between these two groups of countries. Specifically, the developed countries mostly support liberalization of trade and investments, whereas the developing countries are for another priority dimension, the economic and technical cooperation (the ECOTECH agenda). Nevertheless, during the past 20 years since establishment of the APEC, its member countries have reached a high level of intraregional trade integration. The average share of mutual trade in the total trade of these countries constituted 69.5% during these years. The total volume of intraregional exports has increased almost six-fold. (For comparison, the volume of intraregional trade has increased 10.7 times in MERCOSUR, 9.8 times in ASEAN, 3.3 times in the EU-27, while in the last 15 years the intraregional trade within the CIS has increased 2.2 times)[1]. However, the markets of developed APEC countries have not fully opened for the developing ones, i.e. the integration processes within this influential organization take place de facto, but the de jure process (at least as far as free trade zone creation is concerned) is still at the discussions phase. Another peculiarity of APEC is the internal struggle for leadership in this organization. Traditionally, Japan dominated in integration structures of APR, but the rapid geopolitical and economic strengthening of China poses certain problems for the former [7].

Globalization is characterized by openness of economy measured by a large number of criteria (e.g. favorable investment climate, etc.), among which the traditional ones are the trade openness indices, particularly in terms of exports and/or imports. It is widely accepted that openness to foreign trade is a necessary, although insufficient condition for achieving sustainable economic growth in any country, especially a small one. Openness of national economies or their integration associa-

[1] Calculated by the author based on data of [9, p. 54.].

tions to foreign trade is measured by the ratio of the sum of exports and imports to the GDP. Obviously, the higher the value of this index, the higher is the openness of a national economy or integration association to trade cooperation.

The highest openness index in terms of goods and services export is attributed to ASEAN, then to EU and CIS. NAFTA and MERCOSUR markets are somewhat less open. The reason for high level of foreign trade openness in the ASEAN is that most of the ten countries of this association have high indices. However, the gap between maximum and minimum values is quite significant, comprising a difference of about 9-10 times. For instance, Myanmar and Indonesia have very low values of openness index (20-25%), whereas Singapore has the highest levels, with trade openness in 2010 constituting 208% for export, and 172% for import. Before the crisis these indices were even higher for Singapore. It is known that Singapore's economy is fully oriented towards external markets and strongly depends on exports. To a large extent these are exports of goods, especially consumer electronics, IT products, pharmaceuticals, as well as a growing sector of financial services. In 2010 the openness index constituted 183.1% for export of goods and 50.4% for export of services.

In the EU-27 only two countries, Belgium and Luxemburg, have foreign trade openness indices exceeding 100%. In Belgium openness for export of goods and services is 163.3%, and for import of goods and services it is 111.4%. Interestingly, in this country openness for export of services is considerably higher (126.5%), than that for goods (36.7%). In EU-27 Greece has the lowest index of foreign trade openness for export of goods and services (19.6% in 2010). During the last twenty years this country reached the peak of its openness index in 2000 (24.4%).

Low level of trade openness is also characteristic to France, where the 2010 index comprised 27% for imports and 26% for exports.

Among the MERCOSUR countries Paraguay's economy has a relatively high openness, with its index for export of goods and services peaking in 2010 (33.8% is the maximum value since 1990). In this group of countries Brazil has the lowest level of foreign trade openness (11.2% for export of goods and services and 11.8% for imports).

In the CIS countries the foreign trade openness is relatively low. The analysis shows that unlike other regional associations, in CIS as a whole and virtually in any member country the pattern of foreign trade openness is quite volatile.

Low level of trade openness is also observed in NAFTA. Interestingly, the economy of the USA has the lowest level of openness. This is attributed to the fact that the US GDP is considerably larger than the exports and imports of the country. Openness for export of goods is in the range of 8-9%, whereas for export of services it never went above 4% during the last 30 years. To a certain extent the reason for this is that the domestic market demand has a great role in the US economy and a larger part of the production volumes in the country is consumed internally.

Although trade openness is an important index, it does not fully reflect the integration processes within any regional association. For instance, removing trade barriers inside an integration association boosts internal trade within the association. However, the reasons of mutual trade growth in regional integration associations where developed economies participate, to a certain extent are explained by the theory of multilevel trade, according to which developed countries first trade with developed ones, and only then descend to lower levels to trade with developing countries.

Comparative analysis clearly shows that virtually in all regional integration associations, except for CIS, mutual trade (in terms of exports) grows faster than their total exports. Such trend of the mutual trade outrunning growth is clearly observed from the moment of integration associations' establishment. For example, in 1980s export growth rates between the four countries, which at the time have not created yet the integration association, were significantly lower than their total exports. In the next decade (1990-2000) a pattern of mutual trade growth outrunning total exports growth was observed within this regional bloc. This trend has become even more obvious in the new millennium (Table *2*).

Table 2.

Change patterns of mutual trade (in terms of exports) and total exports in regional integration associations for 1980–2010 (in percent)

Regional association	Period						
	1980–1990	1980–2000	1980–2010	1990–2000	1990–2010	1995–2005	1995–2010
Total exports							
MERCOSUR	157,2	286,6	954,1	182,3	606,8	232,6	399,5
NAFTA	180,5	393,4	630,1	218,0	349,1	172,9	229,0
ASEAN	196,4	584,0	1422,6	297,3	724,2	203,1	327,3
EU[1]	197,8	312,9	658,3	158,2	332,8	186,9	236,8
CIS	136,3	190,2	764,3	139,6	560,9	300,0	510,7
APEC	212,4	496,6	1152,7	233,8	542,7	199,3	307,5
Mutual (within association) trade exports							
MERCOSUR	120,5	520,7	1292,0	432,0	1071,9	148,8	311,6
NAFTA	221,4	661,5	934,9	298,8	422,3	209,0	242,2
ASEAN	220,5	790,0	2158,8	358,3	979,3	208,0	336,9
EU		359,2	733,6	160,4	327,7	192,6	236,2
CIS	…	…	…	…	…	185,8	220,2
APEC	252,0	632,6	1374,5	251,0	545,3	196,6	291,1

Source: calculated and compiled by the author based on data from the *UNCTAD Handbook of Statis*tics for 2005, 2010, 2011.

[1] For 1980 calculations encompass the EU-15; for 1990 – EU-25; and for the remaining years – EC-27.

In NAFTA (established in 1994) the pattern of mutual exports growth outrunning the total exports growth was observed for the last 30 years. This is attributed to the fact that the USA and Canada have liberalized their trade relations long before the establishment of the free trade zone, and trade flows between these two countries had always been significant. For ASEAN (established in 1967), pattern of mutual trade growth outrunning total exports growth is also a characteristic trend for the whole 30-years period under consideration. For the EU-27 mutual exports growth pattern is quite clear in the period before new members joined in mid-1990s and 2000s. As seen in Table 2, starting from 1995, the mutual trade growth only insignificantly outran total exports growth, which in our opinion is related to joining of new EU member countries. Such conclusion is fully supported by an analysis of mutual trade patterns and total exports for each of the 27 countries.

Both in the APEC and especially CIS, no pattern of mutual trade growth exceeding total exports growth is observed, which is explained by absence of relevant conditions for free trade in both of those integration associations (the situation with regional zone establishment in APEC has been described hereinabove). In the CIS during the 20 years of its existence centrifugal forces not only did not wane, but for some member countries even got stronger. It has to be mentioned that the Treaty on Free Trade Zone that has been negotiated over since 1993, was signed only in 2011, while Azerbaijan and Turkmenistan did not join it. Admittedly, before the Treaty was concluded, there have been serious disagreements on trade and economic relations among CIS countries, especially given that three countries – Belarus, Kazakhstan and Russia moved to a higher level of integration by creating the EurAsEC Customs Union and Common Economic Space.

The highest level of mutual trade is characteristic to the APEC and EU. In addition, the share of intraregional exports in these regional integration associations has increased multiple times during the last 30 years. Remarkably, in 1980, when APEC did not exist yet, among its countries the level of mutual trade was much lower than in 1990. Among the EU countries the share of intraregional exports in total regional exports substantially increased in the period of 1980-2000 from 86.0% to 92.4% [9, p. 54].

Table 3.

Share of the mutual trade (exports) in total exports of regional integration associations in 1980-2010 (in %)

Региональные объединения	Years						
	1980	1990	1995	2000	2005	2009	2010
MERCOSUR	11.6	8.9	20.1	21.1	12.9	15.0	15.7
NAFTA	32.8	40.3	46.1	55.2	55.7	48.0	48.7
ASEAN	16.8	18.8	24.7	22.7	25.3	24.4	25.5
EU[1]	58.4	66.1	65.3	67.1	67.3	66.8	65.1
CIS	…	…	27.3	19.5	16.9	13.4	11.8
APEC	57.0	67.7	71.8	72.6	70.8	66.4	68.0

Source: Calculated and compiled by the author based on data from the *UNCTAD Handbook of Statis*tics for 2005, 2010, 2011.

The share of mutual exports in total regional exports is quite substantial for NAFTA as well (79.0% and 91.0%, respectively), although the level of mutual trade is much less than in the EU and APEC. Low level of mutual trade is observed in MERCOSUR, although it tends to grow. As it can be told from the data in Table 3, mutual trade growth is characteristic for all regional integration associations, except for CIS, where it tends to shrink. In addition to the reasons mentioned above, during the last 20 years almost in all 11 CIS countries there has been a

[1] For 1980 calculations encompass the EU-15; for 1990 – EU-25; and for the remaining years – EC-27.

re-orientation of the foreign trade as a whole, and exports in particular towards markets outside the Commonwealth.

Creation of regional blocs in many cases has been initially aimed at boosting trade relations, but with their evolution taking place against the backdrop of the countries' economic development, the enterprises began to enter markets outside the integration associations. This concerns also regional integration structures of developing countries, including ASEAN and MERCOSUR.

First, exports of the countries from these regional blocs are oriented outside their boundaries, although within the continent where they have been formed. For example in the ASEAN the main exporter is Singapore, supplying goods mainly to Asian markets (51% of all exports in 1995, and 65% in 2010) including countries outside this regional association. During 2001-2010 the share of exports from Singapore to Malaysia decreased from 17.3% to 11.9%, but in 2011 it increased to 16.0%. During these years exports to Hong Kong (China), which is not a member of ASEAN, increased significantly from 8.9% to 14.4%. During the last 15 years the share of exports from Singapore to markets of the developing countries increased from 55.4% to 72.6% [9, p. 67]. Another example is Brazil, the largest economy of MERCOSUR. In 1995 Brazil's share of exports to markets of the developing countries comprised 57.3%, while in 2010 they dropped down to 37.4%. Furthermore, the share of exports to the US market declined from 18.9% to 9.6%, as well as to the EU markets from 29.9% to 22.6% [9, p. 59]. For the last 10 years Brazilian products were actively promoted in the Chinese market, which has a leading position in the overall exports from Brazil since 2009. The share of Brazilian exports to Chinese market has increased over five times, from 3.3% to 17.3%. At the same time, the share of aggregate exports to the regional association partners (Argentine, Paraguay, and Uruguay), as well as shares of exports to each of these countries separately has remained practically the same during the last ten years. This aggregate exports share comprised 7.2% in 2001, and 7.3% in 2011. During these years share of exports to Argentine increased from 4.9% to 5.3%, while shares of Paraguay and Uruguay remained at the same level of 1-1.2%. Situation is different in regional associations where most of the participants are developed economies. For example, Canada's exports are oriented mostly towards the USA. In 1995 80% of the exported goods were supplied to the US market, though this number somewhat decreased in 2010 (75%). Canada exports its products mainly to developed countries (which confirms the principles of the multi-level trade theory), including 92.1% of its total exports in 1995 and 87.5% in 2010. [9, p. 59]. Germany, which is the largest exporter of the EU-27, supplies its products mostly to the internal EU markets, including 69.6% in 1995 and 63.2% in 2010 [9, p. 61].

Second, the transnational corporations play a certain role in expansion of trade beyond the regional associations with membership of mostly developing countries. With development of processing industries they started to involve local industrial enterprises into their production chains in order to reduce costs, and the goods produced there are exported beyond the boundaries of regional integration associations. Of course, there are some other serious reasons for increasing trade flows outside the boundaries of regional integration structures.

Thus, the presented brief analysis of existing regional associations' experience along with the results of our earlier research [10, 11] leads to a number of conclusions that can be used in integration processes occurring in Eurasian economic space.

First, implementing regional economic integration requires a joint political will of the member countries' leaders that are united by common goals of democratic and economic reforms. This is confirmed by the fact that virtually all regional associations (including EurAsEC, CU and CES) were established through initiatives of the leaders of these integration structures' member countries.

Second, one of the important conditions for effectiveness of integration processes is the proximity of economic development levels of a regional association's member countries. This condition is desirable, although in the existing regional integration structures the economic development level of the regional association member countries does differ. The global experience has shown that countries with low economic development indices need quite a long time to participate on equal terms in integration processes. Yet even more importantly, it is essential that a member state itself strives for development, without relying on integration only. Integration progresses well only when national economies of a regional association are on the rise. Economies experiencing crises-like phenomena are forced to deal more with internal problems (develop and adopt anti-crisis programs, other regulatory measures, etc.), rather than integration issues (in EurAsEC area a vivid example of that is Kyrgyzstan).

Third, it has to be considered that regional integration, as a complex of measures aimed at creating a free trade zone, then a customs union, common economic space, etc., is a gradual, consecutive process from lower forms to higher ones, where in each phase interests of each participant of the integration process have to be agreed upon.

Fourth, stable macroeconomic and socio-economic situation of member countries of an integration association is an important condition for the trust of private businesses and foreign investors (including the trust to the state). Furthermore, integration processes must organically blend in with other reforms (structural transformations, privatization, etc.). Also, a definite condition for the success of regional integration is the existence of a well-developed industrial infrastructure (transport, telecommunication and other communications), which must be efficiently used in interests of all members of the integration association.

Fifth, as integration processes develop and deepen, it is necessary to create supranational structures, to which the member states should gradually delegate certain powers, as well as tools for their enforcement. These bodies should develop unified macroeconomic policies, including trade, investment and other policies.

Sixth, prompted by liberalization of trade and investments, there are many opportunities for progress in integration of markets for goods, services and capital. At the same time, cultural and psychological factors are going to play a key role in integration processes, and neglecting these factors may lead to undesirable repercussions.

Seventh, intensification of integration processes in 1990s, consequences of the financial/economic crisis, problems inside European Union necessitate search of new approaches to forming integration associations and their future development. Under such circumstances it appears critically important to develop strategic initiatives based on a due regard to national interests of member states of the future Eurasian Economic Union. The strategic initiative on necessity of Eurasian integration voiced by N. A. Nazarbayev, President of Kazakhstan in his lecture at Lomonosov Moscow State University in 1994, represents an important competitive advantage in the current complicated conditions, especially when the world faces global uncertainties. In this context the assertion about creation a ***Eurasian World Project*** [3] appears valid. This requires a deep scientific conceptualization of the entire totality of integration agenda and creation of a sufficiently clear and adequate system of priorities that trigger centripetal stimuli for member states of the future Eurasian Economic Union and are aimed at protection of each member of the integration process.

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