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PARTICIPATION OF THE KYRGYZ REPUBLIC IN INTEGRATION PROCESSES: REALITIES AND PROSPECTS

ABSTRACT

Integration is a process of establishing mutual relations and cooperation between states, which can take various forms depending on the goals of those states. When the member states of the Commonwealth of Independent States were restructuring their economy, their priority was not integration, but gaining independence necessary for implementing radical economic, political and social reforms. The article presents the unique characteristics of the economic integration of the member states of the Commonwealth, and describes the reasons for a low effectiveness of integration processes in the region. The issue of integration is presented in detail on the example of the Kyrgyz Republic. The text discusses the problems of that state and their influence on the participation of Kyrgyz in the regional integration processes. Moreover, it shows the perspectives of Kyrgyz economy, which can prove beneficial to integration.

Key words

economic integration, integration processes, Kyrgyz Republic, Commonwealth of Independent States, post-Soviet states

STRESZCZENIE

Integracja to proces nawiązywania wzajemnych relacji i współpracy pomiędzy państwami, który przybierać może różne formy w zależności od celów, jakie przyświecają danym krajom. Zamierzeniem restrukturyzacji gospodarek państw członkowskich Wspólnoty Niepodległych Państw nie była integracja, lecz usamodzielnienie, konieczne do tego, by o własnych siłach przeprowadzić radykalne reformy gospodarcze, polityczne i społeczne. Artykuł prezentuje specyfikę integracji gospodarczej krajów Wspólnoty, a także omawia przyczyny niskiej efektywności procesów integracyjnych na tym obszarze. Zagadnienie integracji szczegółowo przedstawia w odniesieniu do Republiki Kirgiskiej. Tekst omawia problemy, z jakimi boryka się to państwo, prezentując jednocześnie ich wpływ na udział Kirgistanu w procesach integracji regionalnej. Przedstawia ponadto perspektywy stojące przed kirgiską gospodarką, które wpłynąć mogą pozytywnie na integrację.

Słowa kluczowe

integracja gospodarcza, procesy integracyjne, Republika Kirgiska, Wspólnota Niepodległych Państw, państwa postsowieckie

Integration, as we know, is a normal consequence of complicated international economic relations and a specific response by countries to increasing interdependence among them. The basis of integration is cultivating sustainable relations and a division of labor between and among separate national economies. Progressive development of the process leads to a gradual convergence of their internal reproduction processes. The problems with the development of integration processes and of the factors determining them are not completely solved yet, because there is no perfect example of integration that has already reached its zenith.

As we know, the climax of the development of an integration unit is the creation of an economic and political alliance, which implies the coordination of all aspects of social life by a single center. The process of complete integration, resulting in a loss of independence for certain separate states, has never taken place. In this view, a more correct approach to the understanding of integration, in our opinion, is the understanding of integration not just as consolidation as it is, but as a process of interaction and cooperation of countries that takes different forms depending on their aims.

Such an approach, in our opinion, will release us from false expectations that all existing domestic problems will be solved by merely being included into a certain integration unit, as well as from the fear of a loss of independence due to assuming certain responsibilities imposed on member states. It would be a mistake to think that the development of integration relations, to a certain extent, infringes upon the economic interests of member states.

The global experience clearly shows us that, in the context of dynamically developing and changing global economic system, the efforts of an individual national economy (a state) to enter the external market independently and strengthen its positions are hopeless. In this view, the benefits from the country's participation in the integration unit, such as economic growth and the social progress of the state, significantly exceed the inevitable expenses of the process.

At the same time, it's quite clear that the process of integration is not free from problems, and the presence of certain prerequisites is not a guarantee of the successful development of integration. As the experience of the European Union shows us, the process of solving such problems can take several decades.

The 1 May 2004 extension of the European Union was the most unprecedented expansion in EU history. The unprecedented nature of the extension was characterized, in contrast to previous ones, by the fact that the extension included 10 states, eight of which had centralized, planned economies for about

forty years. These states were Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, the Czech Republic, and Estonia.

The success of the countries of Central and Eastern Europe and Baltic States was promoted by precision regulation and control of the whole process of integration within the European Union and the programs of its expansions. At the initial stages, the regulation was directed at restricting the countries' aspiration for integration with the European Union only and setting up small regional communities (by reformer states) as intermediate structures on the way to full membership in the European Union.

The regulation of integration processes, in which the Central and Eastern Europe and Baltic states took part, was remarkable, because each of the transformations were carried out under the control of the European Union, which financed them, particularly those using the Phare special fund.

In contrast to the countries of Central and Eastern Europe and Baltic States, the CIS countries started restructuring the national economies in the context of their aspirations not for integration, but, quite contrary, for disintegration. They did not set up new economic relations for the preservation of existing international economic relations, but for their destruction. It was an aspiration to carrying out radical economic, political, and social reforms by their own efforts.

The integration processes in the post-Soviet countries develop in a specific and, to a certain extent, paradoxical manner, because it's not the integration that influences the acceleration of the process of economic reforms in member states, but their political and economic development during the transformation determine the development of economic integration, causing its slow down.

Economic integration in the post-Soviet countries was different from its very beginning in the following ways:

- Integration of the European Union: despite the fact that most of the CIS countries in the development of the integration were oriented towards the ideas and experience of the European Union. This was reflected in the fact that when The Agreement on Setting up the Economic Alliance was signed in September 1993 by 11 CIS countries, the integration principles and approaches of the European Economic Community were taken into consideration. It's known that the success of the European Union as an integration unit was due to the fact that it afforded priority to the development of international economic relations in production, as their vigorous growth required appropriate legalization. The development of integration relations in the former Soviet Union is, by contrast,

characterized by the urgent legalization of relations to be established in time.

- The integration developed in the countries of Central and Eastern Europe and Baltic States (influenced by so-called “European factor”). The CIS countries couldn’t immediately and precisely define the circle of potential partners and choose the country or a group of countries around which they had to consolidate. The only possible candidate for such a country was Russia. However, if the countries of Central and Eastern Europe and Baltic States saw the integration into the European Union as “a step back to Europe,” which was their aspiration, a consolidation around Russia would mean “a step back to the USSR.”

Nevertheless, the Commonwealth became the crucial structural factor of forming fundamentally new international relations in the post-Soviet states. The CIS has created a system of coordinating authorities, international and intergovernmental bodies, and a vast regulatory and legal framework of cooperation. However, for 20 years of its existence, the CIS failed to become an effective regional economic association of states.

At the same time, it’s noteworthy that it was exactly the absence of supranational bodies of administration and control that allowed all of the states until present moment, to hold annual summits, to cooperate within various sectoral councils, committees, and commissions.

In our opinion, the foundation of successful development of integration processes is the restructuring of national economies aimed at the development of processing industry that, in contrast to extractive industry and agriculture, can be shared into sub-sectors. The emergence of such sub-sectors naturally requires an exchange of products of specialized productions, both within national economies and among them. The higher the diversification of international flows of goods is, the more sustainable and closer economic relations between fellow countries are¹.

However, in practice, most of the measures aimed at the intensification of interaction between the CIS countries are undertaken in the energy sector, while the most promising way to intensify the integration – exchange of final goods and their components – is practically not used at all. Moreover, impulses to pursue the intensification of interaction that come from the growing business community are not supported by efficient state integration policy. Clearly

¹ U. Shishkov, *The CIS: One and a Half Decade of Vain Efforts*, “Voprosy Ekonomiki” 2007, No. 4, p. 118.

articulated interests of businessmen in increasing investments into neighboring countries and in working in common markets, often come into conflict with various foreign policy strategies of the CIS countries.² This seems to be one of the reasons for the low efficiency of integration processes in the post-Soviet states.

Initial measures aimed at solving the problem were taken at the CIS summit in Chisinau in the autumn of 2008, where the common strategy of economic development of the CIS countries was adopted. However, the situation is complicated by the fact that there is currently no single opinion in literature as to the contemporary level of development of integration that is sufficient for developing economic relations in the post-Soviet states, because, as we know, the essence of regulation of integration varies depending on the level and form of the integration.

It's known that one of the foundations of successful integration is the existence of domestic problems that can only be solved by mutual efforts of the countries. The existence and the diversity of the problems influence the countries' interests in defining the forms of cooperation with other countries. In this view, the intensification of the country's participation in integration processes should give Kyrgyzstan an opportunity to coordinate its national interests with the interests of the whole integration unit with minimal domestic economic, political, and social expenses. It will define the direction of integration and the forms of its development in accordance with the national interests and expectations of the partners.

In the years since independence, Kyrgyzstan has become a member of many integration units between and among the post-Soviet states. It is necessary to consider that the country's participation in integration units in general, and in the CIS in particular, is complicated by the fact that the process of industrialization of its economy has not yet been completed. The Kyrgyz economy, like the economies of other Central Asian, Caucasian states, and Moldova, was underdeveloped and dominated by such sectors of economy as agriculture, the extractive industry, and the primary treatment of mineral raw materials and fuels.

At the same time, the global experience shows us that economic integration between national economies based on primary production is impossible, even if they produce primary capital and noncapital goods. Their national productions and exports, due to their structure, compete with one another rather than

² L. Kosikova, *The CIS Region: The Phases of Transformation and Contemporary Strategic Possibilities of Russia (Devoted to the 15th Anniversary of the CIS)*, "Russian Economic Magazine" 2006, No. 9–10, p. 61.

complement each other. It is for this reason that national economies tend to repel one another.³

It's known that the division of labor between the Soviet republics with the economies based on primary production and industrial Soviet republics were kept in relative balance by the administrative and economic distribution mechanism. The balance is not sufficient for the integration of national economies based on international trade. Under modern circumstances, it becomes quite clear that integration is effective only if it is based on international cooperation in production. Only international economic relations in the field of production can become a reliable basis for the integration in all other spheres. The basis of successful integration in production implies the complementarity of their resources. This is the main problem of the development of the integration processes within the CIS and particularly (even in a higher degree) in the Central Asian region.

The structure of the foreign trade turnover of Kyrgyzstan lets us to conclude that the countries of Central Asia (except Kazakhstan) are not among its principal partners. In many respects, it is determined by the similarity of the agrarian and raw-material-producing structure of the national economies. Besides, the resource bases of the countries of Central Asia, including Kyrgyzstan, have the following similarities:

- Absolute lack of investment capital based on domestic savings;
- Oversupply of unqualified labor resulting from agrarian overpopulation;
- Lack of land and water resources available for large-scale development under the current state of capital resources.

The simultaneous combination of these three specific features has significant influence on Kyrgyzstan's participation in regional integration processes, as well as on the prospects of their further development. Besides, a serious obstacle for the intensification of Kyrgyzstan's participation in regional cooperation is the problem of efficient use of regional hydro resources, the state of the transportation infrastructure and its administration, as well as the restriction of the free movement of goods, capital, labor, and services. So, the state regulation of international economic relations in accordance with Kyrgyzstan's participation in the regional integration units is complicated by the necessity of a clear delimitation of the country's interests in its interaction with fellow countries and in the development of the appropriate priorities in accordance with the interests.

³ U. Shishkov, *op.cit.*, p. 119.

The analysis of the country's foreign trade relations within the CIS shows that due to the cooperation with the Russian Federation and Kazakhstan, Kyrgyzstan has an opportunity to export its products to the markets of those countries, which will promote the development of the processing and consumer goods industry. It is also an opportunity to purchase necessary equipment. Cooperation within the Central Asian region is based primarily on the interest of partners in using the country's energy potential. As to the other export items, the countries of the region are virtually competitors.

Under such circumstances, the problem of choosing strategic partners, as well as the form of integration appears to be urgent enough.

In this view, the strategic matrix of Kyrgyzstan that was developed by a group of authors from the Central Asian Institute of Economic Strategies, the Institute of Economic Strategies, and the International League of Strategic Management, Assessment and Accounting is of interest.⁴

On the basis of a comprehensive study of history, culture, existing system of government, territory, natural resources, an analysis of economic development, the situation in science and education, and the army in foreign policy, several basic strategies for Kyrgyzstan were developed to be carried out for the forecast period till 2020 by the authorities of Kyrgyzstan.

1. "Flexible course" – multi-vector foreign policy. This strategy is based on maintaining an independent foreign economic policy, but considering the weak national economy, the small population, and insufficient army, this option is practically untenable for Kyrgyzstan.
2. "Being included in Kazakhstan's sphere of influence" – this form of the strategic matrix is stipulated by increasing political and economic dependence of Kyrgyzstan on Kazakhstan. It is noteworthy that it is difficult to implement this scenario in its pure form. Moreover, its acceptance will mean that Astana will define Kyrgyzstan's development in accordance with the other four scenarios.
3. "Eurasian integration" – according to this scenario, Kyrgyzstan, along with other Central Asian states, can become an integral unit of a large geopolitical alliance in the same way that a small European state can increase their potential and their influence by becoming members of the European Union. The main obstacle to the implementation of the scenario is the relatively slow progress in establishing fully-fledged integration

⁴ *The Strategic Matrix of Kyrgyzstan: Retrospect, Modernity and Scenarios for the Future*, A.B. Bayshuakov (ed.), Moscow 2007, p. 393.

structures of the European Economic Space and Collective Security Treaty Organization.

4. "Being included in the sphere of influence of China" – the possibility of such a scenario is explained by the growing economic power of China and its close geographical location. Despite the remoteness of negative circumstances of this scenario (later than 2020) it is necessary to take them into consideration during the strategic planning period. Along with the threat of ethnic and cultural dissipation, there is the risk of copying the Chinese system of extensive development, which can result in the loss of Kyrgyzstan's competitive edge in the field of biosphere.
5. "Euro-Atlantic choice" implies orientation towards better economically developed countries, which for an economically weaker state under the circumstances of an open liberal economy will mean the reinforcement of being an economic periphery.

The experts point out that Kyrgyzstan lacks sufficient volume of goods, such as oil, metals and grain (like Kazakhstan), or gas, cotton and gold (like Uzbekistan), at the regional and global level. Meanwhile, the agricultural sector of the neighboring countries produces more goods. However, the natural resources of the Kyrgyz Republic allow the country to produce environmentally friendly products and medicines, which are in demand on the global market. It is believed that Kyrgyzstan is capable of becoming an electric-power transmission center and orienting its exports towards the exportation of the electric power, which will see a rise in demand.

According to experts, for the period up to 2020, such factor as economy will not significantly change for Kyrgyzstan and the most important thing, in our opinion, is that it will be equal for all the strategies mentioned above – 1.3 items. It is noteworthy that, according to the estimations of experts, such factor as economy was as much as 6 points during the Soviet era and as high as four points in the strategic matrix of Kyrgyzstan in the late 19th and early 20th centuries, when Kyrgyzstan was a part of the Russian Empire. So, it is believed that whether Kyrgyzstan will choose "the flexible course," the Euro-Atlantic option, or will be included in Kazakhstan's sphere of influence, the influence of the economic factor will not significantly change and it will cede to practically all the rest factors.

Such factor as science and education is recognized as a strategic resource of Kyrgyzstan. It is noted that the most efficient way of modernizing the country is through the educational system. The exportation of knowledge and information is a way to reach the economic growth without large investments. The only

condition here is the strict licensing of institutions of higher education with respect of the quality of education.

Such a vision of Kyrgyzstan's development alternatives seems to be rather questionable, because, on one hand, countries with which the development of economic and political cooperation would promote economic growth and increase influence of such a factor as economy, are not named. On the other hand, the influences of the Russian vector and of Uzbekistan's position in the vector of Eurasian integration are not even taken into consideration.

Taking into consideration the significance of the country's economic relations with the Russian Federation, this form of cooperation can be distinguished as a separate one. However, taking into account the fact that Kyrgyzstan, Russia, and Kazakhstan are members of a number of integration units, these two states should be named, in our opinion, as the priority strategic partners. This conclusion is a rational choice given that it's difficult for Kyrgyzstan with its weak economy, small population, and insufficient army to conduct its own independent foreign economic strategy. In our opinion, the country's foreign economic strategy must become an integral part of the foreign economic strategies of other, more powerful countries interested in the economic and social progress of Kyrgyzstan only in the case of its consistent and purposeful foreign economic policy. Defining the priority strategic partners doesn't preclude cooperation with other countries. Moreover, the countries of the region have other grounds for deeper integration and the formation a common market of energy supplies.

Uzbekistan is the largest producer and net exporter of electric power in Central Asia. The station capacity of Uzbekistan is greater than 12.3 M kW, which amounts to 50% of the generating capacity of the region's United Energy System. The station capacity of Tajikistan is, 4.3 M kW. As to the potential reserves of hydropower per one square km, the country holds the world's top place. However, only 10% of the resources are currently used. The energy potential of Kyrgyzstan is estimated as high as 162 billion kWh. This accounts for 38% of the power reserves of the Central Asian, and only 8% are currently being used. The total amount of investments required for the development of the country's energy sector is about \$930 million in the medium term and about \$5–6 billion in the long term (2011–2025).⁵ It's clear that the country can't solve the problem on its own, and so it needs the assistance of its partners in such integration units as SCO, Central Asian Alliance, etc.

⁵ G.I. Karimova, *The Premises of Formation of the Single Energy Market within the SCO*, "Mir" 2005, No. 4.

The development of regional integration processes, compliance with the main principles of trade, and cooperation in the field of energy would promote the implementation of the energy strategy of the Central Asian states with respect to the development of a thermal electric power station in Kazakhstan and Uzbekistan and large hydro power stations in Kyrgyzstan and Tajikistan. As we have already mentioned, none of the Central Asian states have enough financial resources for the development of the energy sector. Central Asia can become attractive for investors, if the entire region will act as a single market for their activity.

It would be a mistake to restrict Kyrgyzstan's cooperation with other countries only to the energy sector, because the region has significant transport and transit potential. The countries of the region have access to the Persian Gulf through Iran, to the Indian Ocean through Afghanistan and Pakistan, to South Eastern Asia and the Pacific through China. The efficient use of the transit potential of Central Asia will promote the deepening of international economic relations of the Central Asian countries. However, Kyrgyzstan has little to benefit from being included into the region's transportation network, because, in the future, the transit corridor will be used mostly in the interests of China and petroleum-rich and gas-rich Central Asian states. So, the Asian Development Bank has developed a project to develop six new transport corridors. The projects are:

- Northwest Kazakhstan – China;
- Azerbaijan – Turkmenistan – Uzbekistan – Tajikistan – Kyrgyzstan – China;
- Siberia – Eastern Kazakhstan – Iran – Uzbekistan – Turkmenistan or Kyrgyzstan – Tajikistan – Afghanistan;
- Siberia – Mongolia – China;
- Pakistan – Afghanistan – Tajikistan – China;
- Western Siberia – Western Kazakhstan – Uzbekistan, or Afghanistan – Iran or Tajikistan – Afghanistan – Pakistan⁶.

An indicative program for Central Asian states was also developed by the European Union. The program was intended for the period of 2007–2010 period. According to the program, it was planned to grant them financial and technical assistance in the field of development transport and transit potential, energy, healthcare, and environment protection.

⁶ News from ADB, December 2006.

Table 1. Indicative budget developed by the European Union for Central Asia for 2007–2010⁷

Main sectors (regional component)	Indicative preliminary budget
Education	22–26 M euros
Energy	20–22 M Euros
Transportation	12–14 M Euros
Environment	12–14 M Euros
Frontier administration	12–14 M Euros
Total Central Asia	95–105 M Euros

Kyrgyzstan is among the countries that plan to receive financial support for the development of their energy and transportation sectors. To receive access to the assistance, the country should intensify its participation in the regional integration processes. The Kyrgyz Republic, in particular, should take an active part in the development of the fuel and energy policy of the region. The policy must be based on the assessment of the energy demand and of the production of energy supplies, export, and transit potential.

The development of the energy sector in the near future will be impossible without the creation of a supranational or an international coordinating body, the main function of which will be to coordinate the tasks of the common power and water resources management system within the region. Kyrgyzstan is rich in power resources, and the water resources of the country determine the development of all economies within the region. That's why Kyrgyzstan can be included into the body and have a say there. Therefore, we can conclude that it's necessary for Kyrgyzstan to clearly define the directions and the forms of development of integration in accordance with its national interests and the expectations of its partners.

In our opinion, it's necessary to distinguish the two main factors of activation of the country's participation in integration processes. They are as follows:

1. The Eurasian vector aimed at the creation of the common market with the CIS countries and, first of all, with Russia and Kazakhstan;
2. The Asian vector based on the coordinated use of hydroelectric resources together with other Central Asian states.

On the one hand, the suggested gradation of integration forms will permit the use of investments more efficiently, but on the other hand, to make the foreign economic policy of Kyrgyzstan more predictable and consistent.

⁷ The EU Program for Kyrgyzstan, brief review 2006.

However, while developing the suggested forms of foreign economic relations, it is necessary to take into account the intrinsic difficulties the country will inevitably face. For example, the development of foreign economic relations with the CIS countries is complicated with the different vision of who should carry out the development. The absolute economic and political domination of Russia over other countries can come into conflict with the interests of the independent states.

As we know, there were two economic and political leaders in the European Union during the early stages of integration. These were France and Germany. Supporting successively one or another party, Italy created a kind of balance. Later, Great Britain strengthened the balance. Small countries, which constitute the majority of the members of the European Union, have always had an opportunity to join the country whose policy mostly converged with their interests.⁸

The main aim of the CIS countries in their relations with Russia, according to experts, is to achieve maximum economic benefits with the least economic obligations.⁹ To a certain extent, it can be explained by the fact that the economic independence received by the former Soviet republics is practically incompatible with economic integration which, in turn, is impossible without concise, even tough, regulation.

As the world's experience shows us, the regulation of integration processes implies the development of a single common strategy by a more economically powerful state or by a group of more economically powerful states, the existence of one common aim, and a mechanism for achieving it. Economic power is necessary, because integration has its inevitable expenses.

The necessity of functioning of the CIS is recognized by all its members, as well as the hopelessness of its endless critics and attempts at organizational rearrangements. The integration will become truly real only when its regulation will transform from the regulation of political interests into the dimension of regulation of economic interests.

Taking part in the Eurasian vector of integration, Kyrgyzstan, in our opinion, should more consistently support Kazakhstan's initiatives, which will set a precedent for other states. Like the European Union, it will allow the creation of a kind of balance within the CIS and give additional impetus to its

⁸ U. Shishkov, op.cit., p. 120.

⁹ V.P. Vorobiov, *The 15th Anniversary of the CIS*, "The Diplomatic Annual" 2006. Collected works by collective of authors – Moscow: "Nauchnaya Kniga" 2007, p. 59.

development. For Kyrgyzstan, this has a double advantage, because Kazakhstan is its vital partner in the Asian vector of integration as well. The necessity of such policy for Kyrgyzstan is also based in the fact that the attitude of Russia towards its cooperation with the CIS countries has changed in recent years. At present, the efforts of the Russian Federation are shifting towards pragmatic economic and humanitarian cooperation with the CIS countries; the CIS space is not seen as “a zone of special interests,” but as a zone of international competition, where Russia intends to set up cooperation with the leading western countries in different forms that will exclude confrontation.

The Asian vector of integration also has its problems. Uzbekistan is vying for a leadership role within the region. It has its own vision of the region's development prospects. In such a case, the Kyrgyz policy should be the same as it is in the Eurasian version.

The success of participation of the Kyrgyz Republic in integration processes, in our opinion, is determined by the extent of compliance of the models of international economic relations of the fellow states with each other. During the development of the models of international economic relations of the CIS states, two opposite positions emerged: import substitution or export orientation. Both strategies have their advantages and disadvantages and, at certain stages of development, they can both be used for solving current tasks.

However, in the medium term, it's more preferable for the countries with the larger economic potential – Russia, Kazakhstan, and Uzbekistan – to turn to the strategy of forming the economic complex mainly on the basis of their domestic resources and inner market, gradually increasing the volume of their exports with a relative decrease in the exportation of the products of primary sector.¹⁰

The difficulties on the way of development of integration processes can be explained to a certain extent by the differences not only in the models of reforming national economies chosen by the countries, but also by the differences in the models of international economic relations and in the use of the tools of external economic activity (see table 2).

Despite a number of multilateral agreements on the coordination of actions in the sphere of trade policy, differences in the models of international economic relations are determined by medium-term conjunctural considerations. This can

¹⁰ A.N. Barkovsky, *The Economic Strategies of the CIS Countries: The Polarization of Interests*, Materials of the international conference “Russia and the CIS in the Newest Integration Processes”, Moscow, The Institute of economic and political investigations of the Russian Academy of Sciences, 17–18 October 2002, p. 135.

be proven by the uncoordinated actions of the states aspiring to WTO accession that when the agreements on setting up a free trade zone and a customs union had already been formalized.

Table 2. Comparative characteristics of the models of international economic relations in the CIS countries¹¹

Countries	Orientation towards cooperation within the CIS	Model of international economic relations
Azerbaijan	low	Pro-import
Armenia	low	Pro-import
Belarus	high	Pro-export
Georgia	low	Pro-import
Kazakhstan	high	Pro-export
Kyrgyzstan	high	import substitution
Moldova	average	Pro-import
Russia	average	Pro-export
Tajikistan	high	import substitution
Turkmenistan	low	export orientation

The essence of import substitution and export orientation are analyzed in the above table, but here we should note that the difference between import substitution and export orientation is that the system of international economic relations includes not only separate sectors, but national economies as a whole. In this respect, Kyrgyzstan can be rightfully characterized as a country using import substitution model of international economic relations, but not in the respect of organization of production oriented towards import substitution within the national economy.

The dependence of the Kyrgyz economy on external financial resources makes it import-oriented with a chronic trade balance deficit. This complicates the country's participation in the integration processes. In this view, the process can be intensified, in our opinion, through the improvement of the state regulation of economic processes.

¹¹ Made up on the basis of the data of A.N. Barkovsky, op.cit.