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ANALYSIS OF GLOBAL INTEGRATION PROCESSES: SOUTH AFRICA, ASIA-PACIFIC REGION AND RUSSIA³

Abstract

The paper examines the problem of global integration processes in regions of Africa, Asia and Russia. Based on migration flows, estimation of integration indexes, we investigate the historical integration development of these regions and identify the important features for future international cooperation and integration. This article presents the preliminary results of the gravity model that we constructed using the features of Asia-Pacific region. We concluded that differences and similarities in sectoral structure of GDP do not influence increasing of mutual trade between countries and its partners. It evaluates the potential benefits for Asia-Pacific region by expanding the market for export industries worldwide.

Keywords: *global integration process, gravity model, ASEAN, Asia-Pacific Region, economy of North-East Asia, integration process of South Africa*

JEL classification: F6, R11

АНАЛИЗА ГЛОБАЛНИХ ИНТЕГРАЦИОНИХ ПРОЦЕСА: ЈУЖНА АФРИКА, РЕГИОН АЗИЈЕ И ПАЦИФИКА И РУСИЈА

Апстракт

У раду се разматра проблем глобалних интеграционих процеса у регионима Африке, Азије и Русије. На основу миграционих токова и процене индекса интеграције, истражује се историјски развој интеграције ових региона и идентификују важне карактеристике за будућу међународну сарадњу и интеграцију. Овај рад презентује прелиминарне резултате гравитационог модела

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који смо конструисали на основу карактеристика региона Азије и Пацифика. Закључили смо да разлике и сличности у секторској структури БДП не утичу на повећање међусобне трговине између земаља и њихових партнера. Оцењене су потенцијалне користи за регион Азије и Пацифика од ширења тржишта за извозне делатност широм света.

Кључне речи: *глобални интеграциони процес, гравитациони модел, ASEAN, регион Азија-Пацифик, привреда североисточне Азије, процес интеграција Јужне Африке*

Introduction

At the beginning of the XXI century the integration unions, as the result of globalization and regionalization of the world economy, is gradually transformed into a new economic and political centers that define the vector of development in the regional and global scales. According to the WTO researchers in 2013, there was an estimated order of hundreds of regional integration groups all over the world. And nowadays, the researchers estimate the regions of Africa, Asia-Pacific region and Russia, as one of the most perspective areas of the future integration process.

Under the conditions of the WTO, the extended process of globalization and the expansion of the USA in the Middle East and North Africa, the main European countries were forced to find ways to maintain their influence in the region and to create sustainable mechanisms to promote their interests, now in a new format - as a single integration group. Historically, Africa has a long history of the integration process, which based on the historical development of this region, especially in after-war period.

The economy of Asia-Pacific region creates a barrier for the global integration processes. There is the domination of the earlier established type of bilateral relations, burdened by the legacy of hostility and deep political differences. Nevertheless, a new style of mutual cooperation is gradually formed among the countries. This style is characterized by the development of economic relations that overcome ideological barriers.

However, this issue is not univocal and that's why discussed by many authors. Some authors write that the East Asian community doesn't act in the interests of a corporate East Asian identity but pursue objectives of individual countries (Jones & Smith, 2007). During various periods of time authors noted a low level of economic integration in Northeast Asia, because of the lack of strong developed regional institutionalization processes. Asia-Pacific Economic Cooperation (APEC) is noted to be the most successful among various regional groupings (Higgott, 1998; Aggarwal & Yamazawa 2000; Ravenhill, 2002).

However, it is clear for many observers of East Asian regionalism that such integration is inefficient. The possibility of replacing the formal institutionalization processes by regional economic integration (Ernst, 1997; Encarnation, 1999), both inside and outside of the region (Dent, 2003) is considered.

The history of the institutionalization of the integration processes shows that significant efforts were made to build strong institutional environment for the development of regional economic relations in postwar East Asia and in Africa, but these efforts were not successful (Calder & Ye, 2004). The idea of establishing the Institute for Regional

Cooperation under the name “The Council of the North-East Asia Regional Economic Cooperation (CNAEC)” was first published by Lee (2000).

The fact that integration in Northeast Asia will lead to the increase of the potential benefits to the countries due to economies of scale through the expansion of the export industries (Milner, 1997; Chase, 2003; Pempel, 2008), reduction of the transaction costs between the contracting parties and diminution of the importance of political negotiations (Aggarwal & Ravenhill, 2001) is the subject of many economic discussions. The ambiguity of interpretations of the integration processes in Northeast Asia was the impetus leading to the necessity to assess the potential and the actual state of the integration processes in this region.

The reason for extensive economic evaluation is that integration in Northeast Asia could increase the potential economic benefits to countries due to the scale effect, by expanding the market for the export industries (Milner, 1997; K. A. Chase, 2003; Pempel, 2008), the reduction of transaction costs between the contracting parties, and the decline in the importance of political negotiations (Aggarwal & Ravenhill, 2001).

The core of North-East Asia is composed of China, Japan, and South Korea. These countries contribute to the framework of the “East Asian Community”, as well as to the security mechanism in North-East Asia (NEA).

Methodology

The methodological framework consists of traditional methods, which are characteristic for the research of the objects of international relations. Thus, for example:

- method of historical analogies, which approximates the theoretical arguments to the current situation and is used to reveal the dynamics of Asia-Pacific region as a living, changing in time entity with all its consequences;
- method of comparative analysis, which allows on the basis of specific data observing the general features of Asia-Pacific Region’s relations with Russia;
- forecasting method that allows to identify the main trends and prospects of relations;
- systematic method, which shows the rate of development of relations and cooperation between Russia and Asia-Pacific region as a certain evolving system, highlighting its basic elements; and it was also analyses the integration process of South Africa.

For achieving this purpose, in this research, we use the functional analysis, economic, statistical, logical, conceptual analysis and others type of analysis, which allow constructing a complete system of modern Russian relations with countries of Asia-Pacific region and countries of South Africa.

Results

Development of integration process in South Africa. At the beginning of the analyses of the global integration process, it’s obvious to identify the main aspects of

modern development of integration. Integration is the economic process of mutual adaptation, expansion of economic and industrial cooperation, pooling of national economies of two or more countries. The main problem of the international integration process is the creation of a single economic area within which it will ensure the freedom of movement of goods, services, capital and labour.

Thus, between two countries, there are a consistent, regular structural relationships during which countries moving away from economic and trade relations to forms of international co-production and closer financial cooperation. During this process gradually disappear a line between domestic and international markets and a new market of integration association develops. However, such situation occurs in the theory, in practice, this process is not so easy; there are many contradictions between national economic interests of the countries.

The integration process in Africa dates back to the beginning of 1950-1960s, the period of political independence. At that time it was created first integration unions, which was examined as a key area of economic development of African countries liberated from colonial dependence, it was the instrument of reform and integration of national economies into the world economy.

The important role in the process of initiating the integration agreements was played by the United Nations Economic Commission for Africa (ECA), which called for the country to provide the policy of import substitution in order to reduce dependence on the outside world and the “self-reliance policy”, it was the acceleration of economic development. Following the recommendations of the ECA framework of the Organization of African Unity (OAU, 1963) was based on the principle of regionalism and it was defined strategic goal of creating the Common African Union.

The next stage of integration process in Africa can be regarded as the Lagos Plan of Action (1980) the formation of the Pan-African common market by 2000 years, based on the gradual transition from a free trade area, and common market to economic union in the three sub-regions in East Africa and South Africa, Central Africa and West Africa. The core of this integration was elected the leading association unions - the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS) and the Economic Community of Central African States (ECCAS).

One of the latest African economic development plans is the New Partnership for Africa's Development (NEPAD), which aimed at promoting the mutual trade and investment relations, coordination of national economic policies.

The bases of NEPAD are two programs Millennium Partnership for the African Recovery Program (MAP) and the Omega Plan. The first program is aimed at resolving inter-African conflicts, attraction of investments, and financial assistance. The Omega Plan proceeds from the priority of development, such spheres as agriculture, education, health and infrastructure objects. The merging of the two programs has led to the development of a single program called the (New African Initiative (NAI), approved in July 2001 during the Summit of Heads of State and Government of the Organization of African Unity. The final version of the New African Initiative, appeared in October 2001 and it was renamed NEPAD.

During the period before 1990s integration unions in Africa were mainly focused on mutual economic cooperation, the formation of a large market, increasing the state's

role in economic development of a huge group of states. This period was named “new regionalism period in Africa”. It differed by increasing attention to the revival of the liberalization measures under the previously established groups, as well as the formation of new groups.

Integration unions in Africa were created in conditions of extremely low level of economic development of African countries, the low share of mutual trade, and the common type of monoculture export commodity structure, the low volume tax revenues. These factors determine the disintegrating and formal type of integration processes in Africa, low dynamic and static effect of ‘trade creation’, and the majority of unions differs from the effect of ‘trade diversion’. In such circumstances, regional integration is seen as the instrument of trade liberalization: the customs give about 30% of the revenue of the national budget, which hampers the liberalization process at the national level, and membership in this union imposes some certain obligations and it allows finding other sources of income instead of duties.

The first integration project, which remains the most successful in Africa appeared in the colonial period in 1910 the South African Custom Union (SACU). It consists of South Africa, Botswana, Lesotho, Namibia and Swaziland. After the achievement of political independence the agreement was signed again in 1969, but not by the colonial authorities, it was signed by sovereign countries. This union is almost a whole customs union with free movement of goods and free transit through the territory of South Africa, led by the leader - South Africa, has a significant impact on determining the principles of the common commercial policy. The four countries (except Botswana) are included in the common area of South African rand currency area.

Nowadays, it was registered 14 integration unions, which is very attractive for future cooperation of other foreign countries. The largest modern regional integration organizations were presented in Table 1.

Table 1: The largest modern regional integration organizations of developing countries

№	Name and date of organization	Members
<i>Integration organizations of Latin America</i>		
1	Latin American Free Trade Area, (LAFTA) – since 1960	11 countries – Argentina, Bolivia, Brazil, Venezuela, Columbia, Mexico, Paraguay, Peru, Uruguay, Chili, Ecuador
2	Caribbean Community (CARICOM) – since 1967	13 countries – Antigua and Barbuda, Bahamas, Barbados, Bellies, Dominica, others
3	Andian Group – since 1969	5 countries – Bolivia, Venezuela, Columbia, Peru, Ecuador
4	Southern Common Market (MERCOSUR) – since 1991	4 countries – Argentina, Brazil, Paraguay, Uruguay
<i>Integration organizations of Asia</i>		
5	Economic Cooperation Organization (ECO) – since 1964	10 countries – Afghanistan, Azerbaijan, Iran, Kazakhstan, Kirgizstan, Pakistan, Tajikistan, Turkmenistan, Turkey, Uzbekistan
6	Association of South East Asian Nations (ASEAN) – since 1967	6 counties – Brunei, Indonesia, Malaysia, Singapore, Thailand, Philippines

7	Economic Cooperation of BIMST – since 1998	5 countries – Bangladesh, India, Myanmar, Sri Lanka, Thailand
Integration organizations of Africa		
8	East African Community (EAC) – since 1967, and since 1993	3 countries – Kenya, Tanzania, Uganda
9	Economic Community of West African States (ECOWAS) – since 1975	15 countries – Benin, Burkina-Faso, Gambia, Gana, Gvinea, Gvinea Bisau and others
10	Common Market for Eastern and Southern Africa (COMESA) – since 1982	19 countries – Angola, Burundi, Kenya, Tanzania, Namibia, Mozambique, Uganda, Malawi, Rwanda, Zambia, Swaziland, Zimbabwe and others
11	Arab Maghreb Union (UMA) – since 1989	5 countries – Algeria, Libya, Mauritania, Morocco, Tunisia

The process of global changes in migration flows in the XXI century. During the analyses of the global integration process, it's necessary to identify the tendency of global changes in migration flows in the XXI century. Nowadays, Migration has become a more dynamic and complex phenomenon, which is connected with not only social and economic reasons. According to International Labour Organization's data, about a third of migrants in the world fall out of government control. Migration control is being passed from the Ministries of Labour to Ministries of Home Affairs in more and more countries. Thereby, the emphasis of the migration policy moves from labour market regulation of the national security.

Between 2005 and 2010, the global migratory flow increased by 1.8 percent annually. The growth rate of the migrant population in less developed regions was two percent, while in more developed regions this indicator was 1.7 percent. As a result, the number of migrants increased by 24 million people in 2005/10.

According to the estimations of the United Nations Organization, the Department of Economic and Social Affairs, the flow of 2.7 million people move from developing to developed countries every year. The south of the Sahara loses approximately 360 000 people annually as a result of migration. The real interest for demographers makes the variable growth in the size of the movement (migration), used to identify where the points of pressure are supposed to be in the future. It should be noted that in 2005/10 the net migration rate in Australia increased by 485 000 people, while in the US it increased by 4.6 million people.

In 1960 the number of international migrants in developing countries reached 44 million people, and in developed countries, it reached 32 million people (Table 2). If in 1960 more than 57% of all the migrants lived in less developed regions, in 2000 this number was only 37% (Migration Information Source, 2011).

Table 2: International migration in the main regions, 1960 – 2000 years

Main regions	The number of international migrants (millions)		Distribution of international migrants by regions (%)	
	1960	2000	1960	2000
World	75,9	174,9	100	100
Developed countries	32,1	110,3	42,3	63,1
Developed countries, not including the USSR	29,1	80,8	38,4	46,2

Developing countries	43,8	64,6	57,7	36,9
Africa	9	16,3	11,8	9,3
Asia^a	29,3	43,8	38,6	25
Latin America and the Caribbean	6	5,9	8	3,4
North America	12,5	40,8	16,5	23,3
Oceania	2,1	5,8	2,8	3,3
Europe ^b	14	32,8	18,5	18,7
Republics of the USSR	2,9	29,5	3,9	16,8

Note:

^a *Not including Armenia, Azerbaijan, Georgia, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.*

^b *Not including Belarus, Estonia, Latvia, Lithuania, Moldova, Russia, and Ukraine.*

The collapse of the socialist system gave an impulse to mass geographic migration in Europe and Central Asia; first of all, to transboundary movement of the population within the bounds of this region, migrant outflow from it, and a certain migrant inflow from other regions. The formation of many new countries in the space of broken-up USSR and Yugoslavia created a phenomenon of multiple “statistical migrants”, in other words, citizens who live in a county for a long time, but were born in another, and who could not move in fact, but at the same time would belong to the category of migrants in accordance with the UN procedures. Migration in Eastern Europe (including the Baltic States) and CIS countries is considered to be significant according to international standards. Most of the emigratory flows from Eastern European countries (42%) are directed to Western Europe, while the final destination for most CIS emigrants are other CIS countries (80%). The United Kingdom is becoming one of the leading countries of accepting migrants from countries that entered the European Union.

Nowadays the main points of migrant movement take place in Mexican-American, Chinese and Russian, and also European and Eastern European regions. The analyses of the migrant flows in the world scale were introduced in Table 3.

Table 3: The main characteristics of migration flows

Flows direction	Characteristics
From Asia to Western Canada	Canada turned out to be very attractive for professional emigrants from Asia. Many leave their families in Canada and fly back to work to Asia.
From China to the USA	Many people from Asian countries, especially from Fujian province in China.
From Canada to the USA	However Canada is one of the world's immigrant accepting countries traditionally, it also loses a large number of educated, professional people going to the USA.
From Mexico to the USA	It's one of the largest transboundary flows in the world. Out of 108 million people born in Mexico more than 10 million people live in the USA. Every year approximately 400 Mexicans die because of drowning or dehydration in the desert, mostly, while attempting to escape to the USA.
From Central America to the USA	Emigration from Central America to the USA has grown after the Civil War in the 1970s and the 1980s. By 1992 one million people (about 15% of the population) left El Salvador.
From the Caribbean to the USA	The Caribbean states have a certain emigration culture. Cuba is the main exporter: 10% of people born in Cuba live in the USA now. Other main sources are the Dominican Republic, Jamaica, and Haiti. Most Haitians go to Bahamas, and then try to enter the US by sea.

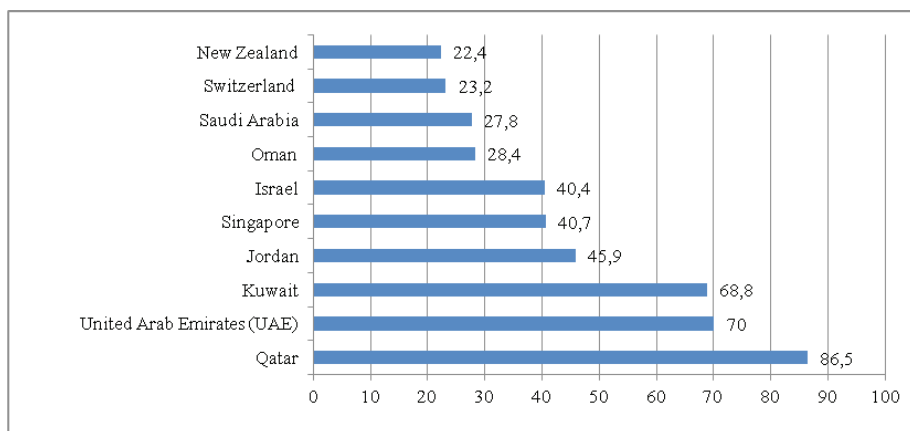
Immigration to Venezuela	The “oil treasure” of Venezuela attracts many immigrants.
From South America to Japan	Japanese are ready to accept people who respect Japanese customs and whose grandparents emigrated from Japan to Brazil and Peru. Japan has about 287 000 Brazilians and also 56 000 Peruvians. In Hamamatsu city, there are 19 000 Brazilians, many of whom found work at plants in the industrial city.
From Paraguay to Argentina	Paraguay is one of the poorest countries in South America. Neighboring Argentina is one of the alternatives, where many educated women work as domestic workers.
From Bolivia and Peru to Argentina	People from neighboring for Argentina countries work as construction workers, domestic workers, or work under inhuman conditions at garment factory in Buenos Aires.
From South Asia to the UK	Indian subcontinent was an important source of immigrants to the UK. In the 1960-s British government has begun to close the doors, so that most of arrived again unite with other family members nowadays.
From China to Europe	Many Chinese traveled by air to Moscow, and then, by contraband way, to all the Eastern Europe in order to reach Western countries.
From Turkey to Germany	First flows from Turkey to Germany were noticed in the 1970s as guest workers. In 2005, 7 million people living there were foreigners, and more than one fourth of them were Turks. Most of the migration nowadays is caused by reunion of families.
From Morocco to Spain	About 2 000 people a year die, crossing the Mediterranean Sea in their way to Europe.
From Africa to France	The largest source of immigrants in France is its former colonies in Africa. In 1998 out of 138 000 immigrants, 72% were from Africa, mostly from Algeria, Morocco, and Mali (in the past - Zaire).
Western African flows	Côte d’Ivoire (the country in Western Africa) attracts workers for their plantations of cocoa and palm oil. By the mid-1990s, about one fourth of the work force was immigrants, half of whom were from Burkina-Faso (the country in Western Africa).
From Zimbabwe and Mozambique to South Africa	The estimations of the illegal in South Africa vary from 2 to 10 million people. Nowadays most of them are from Zimbabwe.
«White flight» from South Africa	After bringing in the black majority rule, many whites left South Africa. Australia is one of the most popular destinations.
From Sri Lanka to Persian Gulf States	Every year 200 000 people from Sri Lanka cross the borders in search for work. Two thirds of them are women, migrating as housemaids to the Near East, as a rule.
From Egypt to Persian Gulf States	Egypt was one of the first exporters of workforce to reach oil countries of the Persian Gulf, from the oil boom in 1970 to the present day.
From South Asia to Persian Gulf States	In 2002 there were 3.1 million Indians engaged in oil export in the countries of the Persian Gulf, including 1.5 million people in Saudi Arabia, 950 000 in the UAE (Dubai), and 300 000 in Oman. Half of these migrants are from Kerala, 1.8 million people are from Bangladesh, one million people are from Pakistan, and 900 000 people from Sri Lanka.
From Burma (country in South East Asia) to Thailand	Thailand has about one million immigrants, most of whom are agricultural workers from Burma (Myanmar).
Emigrants from South Asia moving to the East	India, Bangladesh, and Pakistan send many workers to South-East Asia, particularly to Singapore, as a rule, for working on building sites.
From Indonesia to Malaysia	Indonesia has about one million illegal workers from Malaysia, most of whom are men working on plantations, but there are also women who work as housemaids.
Australia diversifies	Asian migration to Australia from China, Vietnam, Philippines, and Indonesia makes this country more ethnically diverse. Many Asians and other migrants arrived also by boats as refugees.
Flows between China and Korea	In the end of 2006, Korea had 186 894 illegal workers, most of whom were ethnic Chinese and Koreans. North Koreans migrate also to China and then, often go to South Korea.

From South America to Japan	Japan used a relatively small number of foreign workers. People of Japanese origin were preferred, and their main source was the Nikkei Company in South America. Japan kept about two million foreigners by the end of 2005. The largest groups are: Koreans (599 000), Chinese (520 000), Brazilians (302 000), and Philipinos (187 000).
From India to the USA	India has become one of the main sources of “computer talents” for the USA. About two thirds of H-1B visas, issued for professionals in 2006, were given to Indians.
Wandering Philipinos	More than 8 million Philipinos abroad make up almost 10% of the population. Almost 3 000 Philipinos a month go for work abroad, which is 100 people a day, 60% of whom have already worked abroad earlier. The USA is one of the main points of arrival; however, many Philipinos work in other countries, for example, in Asia, as housemaids (in Singapore and Hong Kong).
From the UK to Australia	Australia has a large British contingent. Out of 4.8 million people born in 2005, 23% arrived from the United Kingdom.
From the UK to New Zealand	Till 1986 New Zealand prefers traditional countries-sources, first of all, the UK. In 1996 population census, 75% of the population called themselves belonging to the European ethnic group.

According to the analyses the main flows are concentrated in the European part; Australia and New Zealand are also in priority. Asian migration, from China, Vietnam, Philippines, and Indonesia, to Australia, makes this country more ethnically diverse. But most people arrive there by boats and are refugees by status.

Let’s look also at ten countries with the biggest weight of foreign migrants in the total population (Figure 1).

Figure 1: Countries with the biggest weight of foreign migrants in the total population, 2011 year (in percent)



Qatar takes the first place, having 86.5 %, the second country is the UAE (70%), and the third is Kuwait (68.8%).

Based on the conducted research, we determined two leading countries with the biggest number of migrants during the analyzed period. These are the USA, with the number of 7 980 thousand people from 1995 to 2000, and Russia, with the number of 2 220 thousand people from 1990 to 1995. What about 2005/10 period, the USA took

the first place by the number of migrants with the 5 050 thousand people, Spain was the second with 1 750 thousand people, and Italy was the third with 1 650 thousand people. We shouldn't forget about Canada, which attracts many migrants with beneficial conditions of purchasing real estate and the following easy way of getting the citizenship.

The main structural changes in the international migration should be noted. First is that during the last decades, Western and Eastern Europe have become the points of destination for immigrants from Asia, the Near East, and Africa, and at the moment of the USSR collapse in the 1990s, Western Europe went through the migration flows from Eastern Europe and the former Soviet Union. As a result the net migration in the European Union increased from 200 thousand people in the 1980s to more than one million people in 1989/93, but then it decreased again by 640 thousand people in 1994/98.

The second key structural change was an increase of immigration from Asia and the beginning of immigration from Africa. Asian migrants arrived from India, Pakistan, China, Korea, Philippines, Vietnam, and other places. The example of Asian immigration could be observed in Europe, with African immigrants and immigrants from the Near East.

Development of integration process in Asia-Pacific Region and Russia. During the pace of economic development and rapid economic growth in the Asia-Pacific region have led to the need to create effective inter-regional integration groups (АЕС, ASEAN, ADB, SAARC, ESCAP, ASEM, ARF). Yet, the operational success of the currently existing organizations could be called into question. The analysis showed that the stated objectives have not been fully achieved by any of the organizations. Moreover, if in the social, political, and cultural spheres there was work to a larger extent, there is still minimal cooperation in the economic sphere.

It is necessary to formulate distinctive features of NEA in order to estimate the processes of integration occurring in NEA and define perspectives of the given region.

Firstly, this region distinguishes sharp jerk in economic growth for the short period of time. It determines non-developed contour of partner relations.

Secondly, on the background of non-developed contour of partner relations often changes of integration processes are observed - growth of rates of saturation of regional space by new partner agreements. The region becomes more and more “integration-intensive”.

The third feature - distinction or similarities in branch structure of gross national product do not render the influence on an increase of volume of mutual trade between countries - partners. The fact of joint participation of the countries of Northeast Asia (NEA) in one trading block is not reflected in any way in volume of trade between these countries. It proves that the neighbouring countries will not inevitably have the considerable volume of mutual trade.

It argues that many trading blocks are results of the political decision, but not objective economic process. That defines the fourth feature of integration processes in the region. Especially brightly it can be looked after on an example of the Tumen River Project, which declared as the political decision, without the proved economic preconditions.

For sustainable integration processes are necessary, so-called initial factors, - historically formed trade relations, the sizes of the countries, purchasing power on the basis of which strong trade unions can be build up.

Today in NEA we observe the countries, which actively compete among themselves in the international market and do not consider each other as strategically important partners. Cooperation in the solving of problems of peace and security, preservation of the environment in a region does not necessarily demand integration groupings, in particular, trading preferences.

The fifth feature – asymmetry of partners in integration of Northeast Asia. The size of their markets and a level of technology are not balanced. It is impossible to attribute to a category of the symmetric countries, for example, Russia, China, Japan, and the Republic of Korea. The intensification of regional integration has strengthened amplitude of deviations of subjects of integration on their weight categories. Economic asymmetry of partners has considerably increased because of an integration policy of China, actively began to develop regional trade. Reached the appropriate agreement with Hong Kong, China is aimed to establish three foreign agreements with Japan and Korea and negotiates for the similar agreement with ASEAN.

Integration changes the model of international division of factors and, first of all, natural resources. The relative advantages of possession of natural resources are replaced by advantages of those who can get and use them. It is known that the countries with rich natural resources lag behind in rates of economic growth. In that case, there is a question: whether it is necessary for Russia to be guided by an integration vector if the structure of export will cause delay of rates of economic development.

The regional future of Russia becomes more predicted and less arbitrary, not only geographically, but also economically. We estimate statistically the factors influencing on volume of export and import on the example of countries - participants ASEAN 5 and NEA (China, Korea, and Japan). The basis of the analysis is the gravity model (trade between two countries depends on their size (GNP, population, territory, etc.) and operational costs (distance between the countries, cultural similarity etc.).

Being based on preliminary results of test of the gravity model it is possible to draw some conclusions on the importance of some factors.

First of all, it is necessary to pay attention that the variable reflecting participation of the countries in ASEAN appeared insignificant, i.e. the fact of joint participation of ASEAN countries in one trading block is not reflected in any way in volume of trade between these countries. The same conclusion can be made as to variable reflecting distance between two countries that supports the conclusion that the neighbouring countries do not necessarily have the significant volume of mutual trade. Gross national product of the partner and a share of a secondary sector in gross national product of the country do not influence significantly on volume of import. In other words, distinctions or similarity in branch structure of gross national product do not render influence on the increase of volume of mutual trade between countries ASEAN 5 and NEA and their partners.

Estimated functions look as follows:

$$\ln IMP = \alpha + \beta_1 \ln GDP^H + \beta_2 \ln GDP^P + \beta_3 \ln PGDP^H + \beta_4 \ln PGDP^P + \beta_5 \ln SHAREIMP + \beta_6 \ln PS^H + \beta_7 \ln PS^P + \beta_8 \ln SS^H + \beta_9 \ln SS^P + \beta_{10} \ln DIST + \beta_{11} \ln D + \varepsilon, (1)$$

$$\ln TTRADE = \alpha + \beta_1 \ln GDP^H + \beta_2 \ln GDP^P + \beta_3 \ln PGDP^H + \beta_4 \ln PGDP^P + \beta_5 \ln SHARETTRADE + \beta_6 \ln PS^H + \beta_7 \ln PS^P + \beta_8 \ln SS^H + \beta_9 \ln SS^P + \beta_{10} \ln DIST + \beta_{11} \ln D + \varepsilon, (2)$$

Where α - a constant (a constant variable), and ε - regression balance.

As explaining variables, the following variables were chosen:

GDP^H - GDP of country A,

GDP^P - GDP of country B,

$DIST$ - distance between A and B,

$PGDP^H$ - GDP per capita in A,

$PGDP^P$ - GDP per capita in B.

$SHAREIMP$ ($SHARETRADRE$) - a share of import (or the sums of export and import) the countries A from the country B in a total volume of import (or the sums of export and import) the countries A,

PS^H - a share of initial sector in cumulative gross national product of the country A,

PS^P - a share of initial sector in cumulative gross national product of the country B,

SS^H - a share of a secondary sector in cumulative gross national product of the country A,

SS^P - a share of a secondary sector in cumulative gross national product of the country B,

D - the fictitious variable reflecting participation of both countries in one trading block (the variable accepts value “1” if both countries are ASEAN participants, and value “0” otherwise).

Besides standard variables (i.e. GDP and distance), directly reflecting the size and transport costs, we chose parameters GDP per capita (1) reflecting the general level of economic development, the level of wages in the country (2); indexes of a share of primary and secondary sectors in GDP (3), showing a level of industrial development of the country; and a qualitative variable of participation of the countries in the uniform trading block (3). Results of the estimation of mentioned regressions are submitted in Table 4.

Table 4: The Results of the gravity model estimation

Regression (1)			Regression (2)		
Variables	Estimated coefficient (β_n)	Criteria Studenta ¹	Variables	Estimated coefficient (β_n)	criteria Studenta ¹
GDP country A	20,07	3,272***	GDP country A	20,41	3,761***
GDP country B	-24,59	-4,476	GDP country B	-15,46	-3,087
Distance between countries	0,24E+11	0,477	Distance between countries	0,32E+11	0,577
GDP per capita in country A	-18,75	-3,053***	GDP per capita in country A	-19,36	-3,562***
GDP per capita in country B	25,23	4,600***	GDP per capita in country B	16,08	3,219***
Share of import of A from B in total import of A	0,95	43,995***	Share of import of A from B in total import of A	0,90	31,969***
Share of primary sector in GDP of A	-0,01	-0,276	Share of primary sector in GDP of A	-0,19	-3,135***
Share of primary sector in GDP of B	0,33	4,760***	Share of primary sector in GDP of B	0,28	4,509***

Share of secondary sector in GDP of A	-0,27	-1,831	Share of secondary sector in GDP of A	0,03	0,198
Share of secondary sector in GDP of B	-0,55	-2,997***	Share of secondary sector in GDP of B	-0,52	-3,114***
Participation of countries in one block	0,45E+10	0,094	Participation of countries in one block	-0,35E+11	-0,657
Number of observation	712		Number of observation	712	
Index of determination (R^2)	0,9869		Index of determination (R^2)	0,9867	
Fisher's criteria (F)	49,613		Fisher's criteria (F)	51,972	

¹ – Meaning of coefficient when $\alpha = 0,01$ marked ***, when $\alpha = 0,05$ marked **.

The empirical analysis of countries ASEAN 5 and NEA has confirmed that the formation of the trading block does not increase the volume of mutual trade. Membership in one trading union is the secondary factor in the development of mutual trade, which can be amplified with a number of initial factors, such as historically formed trade relations (in our regression it is reflected by a variable « a share of import of the country A from the country B in total volume of import of the country A), the sizes of the countries (a variable «gross national product»), purchasing power (a variable «GDP per capita»). These variables reflect the scale of country market and the market of the partner, and share of income spends for import.

The development of integration processes has the affect of indicator of economic openness of the country or region.

Asia-Pacific region has a great experience of economic growth that cannot attract the attention of researchers in the world. Nowadays, the important parameter has become the openness of the economy (economic openness). In general, it can be identified as the level of involvement of the economy of the country or region in the world economy. Its quantification is given by the product which produced in the country with that part of it which is taken out and with the amount of goods and services, which is imported into the country and the region. Therefore, the summarizing quantitative measure of economic openness is the percentage ratio of exports plus imports to GDP, or the share of foreign trade as a percentage of GDP. We can call this indicator of openness as the quota indicator because it is calculated by the relative sizes of export and import quotas - the ratio of the volume of export and import to GDP. It should be noted that this indicator has certain limitations and suggests addition other indicators (indicators of the capital movements). But, considering the dominant role in the trade in the foreign economic relations of this indicator is the most significant.

We calculated the results of the comparative analysis of indicators of economic openness of regions. Before the crisis in 1997 year, Asia-Pacific region was ranked as the most open one in the world (Table 5).

Table 5: The economic openness of the regions (before the crisis in 1997)

Regions	Economic openness, %
South-East Asia	130
North-East Asia	60
Central and Eastern Europe	55
Russia	40
Latin America	30
G-7	28
India	25

Sources: Emerging market indicators. 1996. The Economist, May 11, p.116.

Many experts believed that there was a high level of economic openness of the nine countries in Asia-Pacific region (Hong Kong, Singapore, Taiwan, Korea, Malaysia, Indonesia, Thailand, China, Vietnam) provide a high rate of economic growth of these countries during more than twenty years. These countries continued to develop at relatively high rates - more than five per cent of GDP growth in the period from 1990 to 1996, before the period of crisis in Asia-Pacific region.

We say about the relatively high level compared to other regions of the openness of Asia-Pacific region. From the end of XIX century Hong Kong and Singapore have always been the most openness economies in this region. During the 1960s, Japan, Korea and Taiwan were among the first to reduce the customs trade barriers and reduce restrictions on foreign exchange markets. The ASEAN countries (Malaysia, Thailand, Indonesia, Philippines) followed by the same way of liberalization of foreign trade, but a bit later (in the 1970s). The researchers noted that although there is no comparable data, but in 60-70 years, the economies of Asia-Pacific region were more openness than other developing countries.

Foreign trade liberalization and the increasing level of Asia-Pacific region's openness continued in the 1980s. Its role in improving the overall level of openness in the region and has played an event of changing the Chinese economic strategy and its active involvement in the world economy. But an even more significant role in achieving a higher opening in the region was played a one-sided nature of the liberalization of its external relations. During this period, it was developed the concept of openness regionalism and East-Asian-style integration, as opposed to the concept of discriminatory regionalism and North American-style integration. These concepts are the different approaches to the payment matrix, and the border between them is through a unilateral reduction in foreign trade barriers, and therefore anticipating growth of openness of the economies of Asia-Pacific region.

However, in the late 1980s liberalizing included almost all the other developing countries in the world, and many developed countries reduced trade barriers by the unusual way, unilateral procedure.

It is likely that in this period the quota indicator of economic openness (ratio of exports and imports to GDP) loses its fundamental role. Since the late 1980s, it has appreciates the openness of the economy solely from the functional point of view, from the perspective of

functional openness. This position is due to the “functioning” of foreign trade, necessary for the economy of the country and it is estimated to be the part of GDP that goes through the channels of foreign trade. This position which was occupied by the country has taken in the international division of labor and other resources in accordance with the relative availability of resources by the Heckscher - Ohlin theory (Appleyard, Field & Cobb, 2006).

But from the moment when the functional openness of the economy is defined, the measure of its dependence on foreign economic relations developed further reduction of trade barriers may prevent the growth of quota indicator. That is why the most liberal economy of developed countries has the lowest rates of openness on the quota indicator. By the incorrect use we can say when we indicated the fact that the present performance of the economy of North Korea is more open than the economy of Japan and other developed countries. It should be said about the necessity of another dimension of economic openness - the institutional openness. In general, the institutional openness is the openness of the institutions of the country to the outside world. If we highlight the economic aspect of openness, the first thing we should have in mind is such institutions as trade, investment and foreign exchange regimes of the country.

Conclusion

What is it necessary for Association to turn into economically significant? It is impossible to answer this question shortly and unequivocally. It is obvious that the principle of “laissez-faire” will not solve the problem. We need active participation of the governments of all countries in regulation of private and public sectors. Despite all the efforts of ASEAN participants to decrease tariffs and liberalize markets for foreign business since 1995, there is a plenty of non-tariff barriers. Therefore, for the given countries the most logical will be development of cooperation in the field of unification of customs rules and the other acts regulating trading activity.

It is necessary to move aside multilateral, instead of regional integration. A position of authors - it is more effective to be included in the integration process not on the basis of bilateral agreements, especially with the country surpassing on the sizes of the market and a level of technologies, but on a basis the Pan-Asian zone of free trade, ideally the Pan-Asian-Africa zone of free trade.

Besides economic obstacles to the creation of the Northeast Asian trading block in the near future there are political reasons, in particular, in relations between Japan and China. However, according to calculations of some experts, creation of this zone of free trade with participation of Japan, South Korea and China will be favorable to all countries. Certainly, Japan and South Korea will win from this union considerably, but for China the positive effect will be significant.

We can say that the serious researching work on unification and the liberalization of domestic markets is required otherwise and the unions will be extremely political and will not bring any economic benefit.

North-East Asia is far away from the integration process for a long time in Asia-Pacific region. In this sub region bilateral type of relations burdened with a heritage of animosities and deep political distinctions dominates. Nevertheless, new style of mutual economic cooperation between the countries is gradually formed. The formation of such

style began with the leading role of a private sector in Japan, and then were South Korea and Taiwan, and then other countries of the sub region have followed.

The potential union between China, Japan and South Korea will be economically and politically significant with its share in world GNP about 20%. The index of trading complementarity (ITC), which reflects the electiveness of trade between the certain countries in comparison with world trade, proves this conclusion. ITC for NEA countries exceeds the level of world trade; that is why regional trade will promote regional integration, considering the fact that the NEA countries do not participate in other sub regional agreements. The potential union of China, Japan and South Korea will cover about their half of the trade, which is carried out by these countries, so the preferential agreement on trade will bring to the countries essential benefit. However, it should be taken into consideration that the trade volume of Japan with USA exceeds the total amount of trade of Japan with its potential partners. China with South Korea has also the significant volume of trade with USA: totally 23.8% of import and 15% of export. Therefore, at a deepening of cooperation in the framework of the NEA, it is necessary for participants to take into account American factor.

Certainly, there is a question of a role of Africa in this global integration process. During our analyses we identified the obvious historical isolation of this region from main integration process. But based on the research data of migration flows in Africa and other regions we can say about the beginning of global changes in world polarization. African countries became more attractive for cooperation and collaboration of Asia-Pacific Region countries. During our research, we follow the historical period of integration unions in Africa and can say about its intensification.

It is necessary to note that African integration unions have the similar features of development as a lot of Asian unions had at the beginning stage of its development. And nowadays, in the period of active world globalization and integration tendencies, it's important not to lose the possibility of creating the integration union between the countries of Asia and Africa, which has mutual interests.

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