

Impact of the Agreements of the Eurasian Economic Union on the Competitiveness of the Agricultural Sector of the Member States

Wpływ porozumień Euroazjatyckiej Unii Gospodarczej na konkurencyjność sektora rolnego państw członkowskich

Saule S. Shintaeva*, **Alexandr A. Pyagay****, **Makhabbat K. Iskakova***,
Botagoz N. Naukenova*, **Saule T. Zhumasheva*****

** Turan-Astana University, Department of Economics and Innovative Business, Faculty of Business and Information Technologies, 010000, 29 Dukenuly Str., Nur-Sultan, Republic of Kazakhstan*

E-mail (Corresponding Author): shintaeva5988@uoel.uk, ORCID: 0000-0001-6837-3338

***Saken Seifullin Kazakh Agrotechnical University, Department of Accounting and Audit, Faculty of Economics 010011, 62 Zhenis Ave., Nur-Sultan, Republic of Kazakhstan*

****Kazakh Research Institute of Economics of Agro-Industrial Complex and Rural Development, Department of State Regulation in the Agro-Industrial Complex, 050057, 30B Satpayev Str., Almaty, Republic of Kazakhstan*

Abstract

The purpose of this study is to obtain scientific and practical results aimed at the use of the advantages of integration processes within the Eurasian Economic Union to increase the sustainability and competitiveness of the development of sensitive industries of the agri-food sector in the Eurasian Economic Union member states. The assessment of the potential for export growth and the potential for import substitution was performed according to the methodology for assessing the potential for export growth and is based on previous research developments. The study assessed the impact of the Treaty on the Eurasian Economic Union on the stability and competitiveness of such processing industries as: canned milk (condensed and non-condensed products), cheese making, production of sunflower oil, sausages and white sugar. It has been established that competitive pressure from foreign producers in the context of the development of integration processes can revive the internal competitive environment.

Key words: free trade, economic benefits, product promotion, globalisation, integration

Streszczenie

Celem niniejszego opracowania jest uzyskanie wyników naukowych i praktycznych mających na celu wykorzystanie zalet procesów integracyjnych w ramach Euroazjatyckiej Unii Gospodarczej dla zwiększenia zrównowagi i konkurencyjności rozwoju wrażliwych branż sektora rolno-spożywczego w krajach Euroazjatyckiej Unii Gospodarczej. Ocena potencjału wzrostu eksportu i potencjału substytucji importu została przeprowadzona zgodnie z metodologią oceny potencjału wzrostu eksportu i opiera się na wcześniejszych osiągnięciach badawczych. W opracowaniu oceniono wpływ Traktatu o Unii Euroazjatyckiej na stabilność i konkurencyjność takich gałęzi przemysłu przetwórczego jak: konserwy mleczne (produkty skondensowane i nieskondensowane), serowarstwo, produkcja oleju słonecznikowego, wędlin i cukru białego. Ustalono, że presja konkurencyjna ze strony producentów zagranicznych w kontekście rozwoju procesów integracyjnych może ożywić wewnętrzne środowisko konkurencyjne.

Słowa kluczowe: wolny handel, korzyści ekonomiczne, promocja produktów, globalizacja, integracja

Introduction

The existence of any state always presupposes interaction with others. This interaction constitutes the fundamental principle of international relations. No matter how diverse the spheres and directions of international cooperation are and no matter how great their significance, the central and most important moment of international cooperation remains economic and political. The solution of problems of interaction in other areas largely depends on their effectiveness.

Integration is currently being rolled out globally. There is a considerable number of regional integration agreements in the world (according to the World Trade Organisation (hereinafter referred to as *the WTO*), as of January 2013, over 500 such agreements were notified to the WTO secretariat). Free trade agreements prevail (83%). Customs unions account for only about 7% of the total. The low share of customs unions is due to the fact that this form of integration requires more substantial coordination of policies by the participating countries. There are about 10-12 integration associations in the world, which plan the creation of an economic union as a goal for the future (Baldwin, 2016).

The establishment and development of integrated structures is one of the essential trends in the transformation of the modern economy and is, in the opinion of many scientists, a means of resolving the contradictions of globalisation (Laursen, 2018). Economic integration at the global, regional, and sub-regional levels is considered as an important initiative for achieving economic growth and development, and the establishment of the Eurasian Economic Union (hereinafter referred to as “the EAEU”) is considered as a step towards better economic growth and success among the selected post-Soviet states (Mostafa and Mahmood, 2018). In modern conditions, practically no country in the world can effectively develop without interacting with other countries. Countries are united based on their political, economic, geopolitical, or geo-economic interests. To implement these interests, various integration groups are being created. Nowadays, there are about 300 regional trade agreements in force in the world, including agreements on economic integration, on the establishment of customs unions and agreements with a partial scope of action, covering a certain list of products (Bulatov, 2002).

Having studied the works of researchers-economists (Kühn, 2017; Kofner et al., 2017; Muravska and Berlin, 2016), international economic relations, developing based on the international division of factors of production, acquire key importance for many national economies, which are undergoing a transformation of relations between the internal life of states and the external environment. Since the interaction of any state with others is a fundamental principle of international relations. No matter how diverse the

spheres and areas of international cooperation are, and no matter how great their significance, the central and most important moment of international cooperation remains economic and political. The solution of problems of interaction in other areas largely depends on their effectiveness.

This forms a tendency towards an increase in the economic interdependence of states and, in general, an increase in the globalisation of the world community. Under these conditions, the achievement of the stability of national economies and an increase in the volume and diversity of consumed economic benefits can be achieved only through the integration of individual groups of states based on certain forms of liberalisation of foreign economic relations within the groups and the application of agreed protective measures in relation to third states. The study of integration processes, including in the post-Soviet space, is of interest to many scientists who distinguish several areas in the modern period:

1. There is an intensification of the interdependence of countries in various areas (trade, investment, capital movement, exchange of technologies), which contributes to the further strengthening of this interdependence (Surugiu and Surugiu, 2015; Hirst et al., 2015; Kamshibaev and Kulmaganbetova, 2015).
2. The most important sectors of the economy of individual countries (agriculture, industry, services) work not only and not so much for the national market as for the international one (Vinokurov, 2017; Hussein and Ogurtsova, 2017; Schoper et al., 2018; Gaidar, 2005).
3. Most countries associate their future, their survival with their ability to take part in international technical and economic competition (Moreau-Defarge, 1996; Cavusgil and Knight, 2016; Hitt et al., 2016; Mironov, 2013).

Notably, with a sufficiently large number of articles on integration problems, most of the works are aimed at assessing the overall impact on the agricultural industry and identifying the negative consequences of integration processes (De Luca et al., 2017). Our approach involves examining the positive impact of integration processes on the agro-industrial complex of the EAEU member states (its specific industries and production). Proceeding from the above, the purpose of this study is to obtain scientific and practical results aimed at using the advantages of integration processes within the EAEU to increase the sustainability and competitiveness of the development of sensitive industries of the agri-food sector in the EAEU member states. To achieve the purpose of the study, the following main tasks were solved:

- the impact of the studied agreements on the stability and competitiveness of sensitive industries of the agrarian sector of the republic was assessed;

- the factors of integration processes influencing the sustainability of development and increasing the competitiveness of agricultural production have been identified;
- positive factors have been identified that allow using the advantages of integration processes within the EAEU;
- economic conditions have been developed to optimise interaction with the EAEU countries;
- proposed general directions for optimising interaction with the EAEU countries, aimed at increasing the sustainability and competitiveness of the agricultural sector of the EAEU member states.

Materials and methods

The main idea is to assume that the level of competitiveness of the industries of the Union member states will increase with intensified integration, as well as if the following assumptions are met:

1. Primary products, materials, and components of local production (within country A), with increased integration with country B, are replaced by supplies of similar raw materials from country B, provided that the consumer properties of production resources of country B are higher than those produced in country A.

Empirical verification of this assumption within the framework of the study was complicated by the high labouriousness of obtaining the corresponding estimates. At the same time, the validity of this assumption can be accepted without verification. The concept of product quality also requires a special comment. Consumer properties, as well as the quality of the product, cannot be easily measured due to its complexity, however, it appears acceptable to use approximate indicators. When analysing world trade, it is often assumed that the quality of goods is correlated with their prices (unit cost) for different exporters (the higher the prices, the higher, provided that other things being equal, the quality of goods). Therewith, quality is also associated with the competitiveness of products in the world market: for example, studies (Alcalá et al., 2014; Jaimovich and Merella, 2012) demonstrate a positive interrelation between the cost of a unit of production and the Balassa index.

2. Improving the consumer properties of the resources used in the country leads to an increase in the quality of finished products. For a significant part of the industries, the validity of this assumption was confirmed (the regression equations showed the presence of a significant connection between competitiveness at the level of intermediate products and the corresponding final product) and quantitative estimates of the connection between the quality of resources and final products were obtained, which were used to assess the integration effect.

The assessment of the potential for export growth and the potential for import substitution was performed according to the methodology for assessing the potential for export growth based on previous research developments. The starting point is the concept of the Hausmann-Klinger product space (Hausmann and Klinger, 2006), according to which the *proximity* between any pair of goods can be calculated based on information about the extent to which there is a tendency in world trade to jointly export these two goods on a noticeable scale, i.e. with the presence of a comparative advantage, fixed by the Balassa index:

$$BI_{i,c,t} = \frac{\left(\frac{x_{i,c,t}}{\sum_i x_{i,c,t}} \right)}{\left(\frac{\sum_c x_{i,c,t}}{\sum_i \sum_c x_{i,c,t}} \right)}, \quad (1)$$

where $X_{i,c,t}$ is the export volume of commodity i in country c in year t .

The resulting aggregate theoretical indices were compared with the actual Balassa indices. If the theoretical index exceeded the actual one for a particular industry, their ratio was interpreted as a potential export growth rate for this industry (otherwise, it was assumed that there were no prerequisites for a potential export growth, and the growth was assumed to be zero). The volumes of potential export growth were also calculated based on the data on the initial volume of exports.

Secondly, the described methodology was applied to imports to solve a problem that is symmetric to the increase in exports – to activate import substitution. The Balassa index was calculated for imports, which was interpreted differently than for exports: the excess of this index by one signaled the high dependence of the industry on imports (low competitiveness in terms of imports). It was assumed that it is in such industries that there is a potential for import substitution due to the intensification of domestic production. If the theoretical index of Balassa for the import of goods in a particular industry was lower than the actual one, their ratio was taken as the potential rate of decline in imports for this industry. The information base of the study is data obtained from the results of national and departmental statistical observations, information from administrative sources, expert assessments and economic calculations.

Results

The most important feature of our time is the growth of the interdependence of the economies of different countries, the development of integration processes at the macro and micro levels, the intensive transition of countries from closed national economies to an open economy. All this is conditioned by the laws of economic development at the present stage, in which, according to many scientists, international integration is a means of resolving the contradictions of globalisation (Kheifets and Ovdeenko, 2003). In-

Table 1. Leading integration groups of the modern world economy, Source: Compiled by the authors based on data from (Main integration associations..., 2020; Ziyadulaev, 2015)

Abbreviation	Year established	Number of member countries	Territory, million sq. km	Population, million people	Share in world GDP, %	Share in world exports, %
EU	1957	27	4.3	493	21.2	38.1
ASEAN	1967	10	4.5	580	4.4	7.0
NAFTA	1988	3	21.6	441	22.6	19.2
MERCOSUR	1991	10	18.7	368	3.2	3.3
Total		50	49.1	1882	51.4	67.6
EAEU	2015	5	21.2	179.6	2.4	2.5

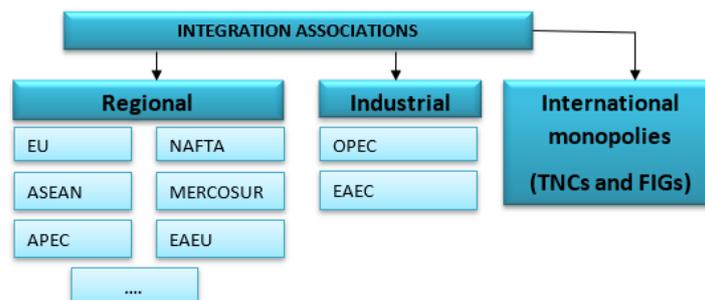


Figure 1. Types of international integration associations

international economic integration (IEI) is an objective, conscious, and guided process of convergence, mutual adjustment and merging of national economic systems that have the potential for self-regulation and self-development. It is based on the economic interest of independent economic entities and the international division of labour (Gelvanovsky, 2011; Moiseeva et al., 2019). Integration has many essential characteristics that, taken together, distinguish it from other forms of economic interaction between countries (Khudyakova, 2007):

- elimination of restrictions on the movement of goods, as well as capital, human resources between the member states to the agreement;
- coordination of the economic policies of the participating countries;
- interpenetration and interweaving of national production processes, the development of technological unity of the production process within the region;
- broad development of international specialisation and cooperation in production, science and technology not based on the most progressive and profound forms, joint financing of economic development and its innovation mechanism;
- convergence of national laws, provisions and standards;
- purposeful regulation of the integration process, the development of economic interaction management bodies;
- regional nature of integration processes.

The motives for the development of integration processes are, in the opinion of many scientists (Shkvarya, 2015; Gelvanovsky, 2011), their orientation, firstly, increasing the welfare of integrating

countries both on the part of producers, due to the growth of incomes due to the development of new trade flows, and consumers due to lower prices for certain goods caused by the development of a competitive environment; secondly, the strengthening of the economic positions of the member countries of international integration associations in relations with third countries. Furthermore, another of the motives for the development of regional associations was the success of international integration, manifested in the creation and strengthening of interstate trade and economic blocs – the EU, ASEAN, NAFTA, MERCOSUR, which occupy the main place in the world gross product and export (Table 1).

Evidently, the EAEU is a young integration association and not so large in terms of the number of member states, but occupying a significant territory, it is still not economically powerful enough in comparison with other regional integration associations (RIA). Therefore, an inherent feature of the development of the world economy and the system of international relations is the transformation of the world economy into a system of interconnected national economies and their associations, developing on the basis of regulatory influences from international economic organisations, transnational companies (TNCs), financial and industrial groups (FIGs) (Figure 1).

However, in the current period, TNCs are practically depriving the state of the functions of solving economic problems and achieving interdependence and complementarity. In international trade, their share exceeds 50%, and in exports and imports of individual countries reaches 80%. In more detail, the theoretical foundations of the development of integration

Table 2. Comparative analysis of the advantages and disadvantages of opening the domestic market for goods of foreign manufacturers, source: compiled by authors according to data from (Lipsits, 2012)

Positive influence	Negative influence
<ul style="list-style-type: none"> - citizens will be able to buy more goods; - the income of trading companies will increase, and the state will be able to receive a large amount of taxes from them; - the amount of taxes paid by buyers when purchasing imported goods will increase; - an increase in the standard of living of citizens who have jobs and the ability to buy imported goods will improve the internal political situation in the country and increase the chances of the ruling party to win the next elections. 	<ul style="list-style-type: none"> - sales of domestic goods will decrease; - incomes of domestic manufacturing firms will fall, and the state will receive less taxes from them; - layoffs in the domestic industry will begin, unemployment will increase, which will lead to a fall in tax revenues from wages and an increase in the cost of unemployment benefits; - the unemployed and the owners of domestic firms will protest against the policies of the current government, and this will reduce its chances of retaining power; - the country's dependence on the supply of goods from abroad will increase, which may weaken its political independence.

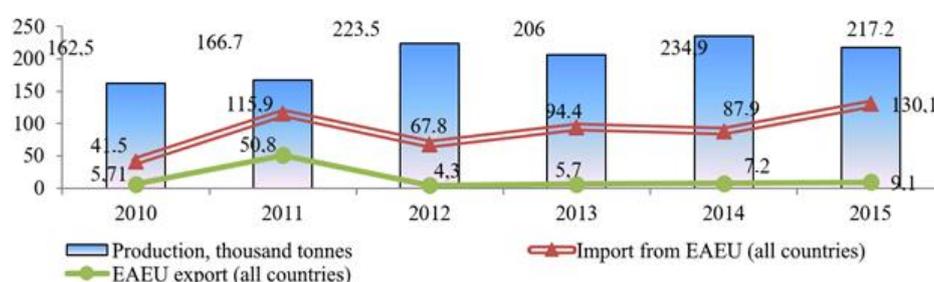


Figure 2. Import and production of sunflower oil in EAEU, thousand tons

Table 3. Assessment of the impact of the EAEU Treaty on the sustainability and competitiveness of sunflower oil production in the EAEU member states, source: Compiled by the authors

Name of the protocol to the EAEU Treaty	Impact of the protocol to the EAEU Treaty	
	on the competitiveness of the industry	on the sustainability of the industry
On measures of state support for agriculture of the EAEU member countries	Increased support and lower cost of raw materials (sunflower seeds) will ensure lower prices throughout the chain, which increases its competitiveness	Due to the purchase of cheaper raw materials, the load of domestic capacities increases, their stability and competitiveness of finished products is ensured
On the application of sanitary, veterinary, and quarantine phytosanitary measures	Compliance with technical regulations for growing sunflower seeds increases the quality and safety of the product, contributes to the free movement of goods through the customs territory, which ensures competitiveness	Increases sustainable production through the release of high-quality goods, and generates demand, including in the external market
On technical regulation within the framework of the EAEU	The introduction of the requirements of the <i>Technical Regulations for Fat and Oil Products</i> contributes to the implementation of national, interstate and international product quality standards, which increases the growth of its competitiveness	The high demand for a product that is safe according to technical regulations creates conditions for the sustainable development of the industry
On the application of special protective, anti-dumping, and countervailing measures	Does not have a direct impact, since it is aimed at relations with third countries	
General principles and rules of competition	Provides conditions for creating a single competitive field in the EAEU countries for the production of agricultural goods and gives an impetus to increase their competitiveness	

and their content (neoliberalism, corporatism, structuralism, neo-Keynesianism), the classification of goals (according to the time criterion – short-term and long-term, according to the degree of importance, according to the areas of implementation, according to the space they cover) and the stages of development of integration associations in the world

economy (division and cooperation of labour, economic cooperation, economic integration, globalisation) were considered in detail at the previous stage of the study (Moldashev and Nikitina, 2015). It was found that the opening of the domestic market does not always form incentives for the development of the economies of the countries taking part in the in-

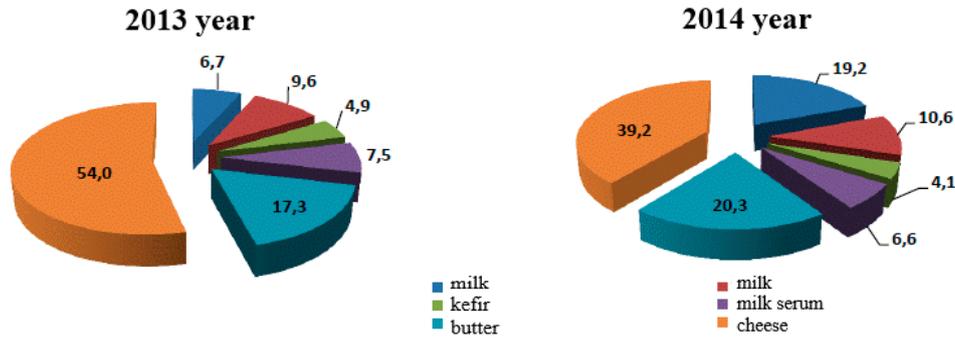


Figure 3. Structure of imports of dairy products of the EAEU for 2013-2014, %

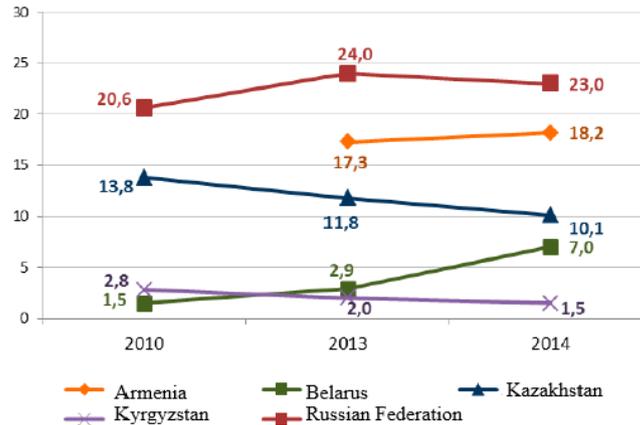


Figure 4. Imports of dairy products of the EAEU member states, %

tegration association, and along with positive factors, many negative factors are manifested (Table 2). Notably, the creation of the Customs Union, and subsequently the EAEU, according to many scientists, stopped the negative trend of weakening trade and industrial ties and resumed the establishment and strengthening of economic ties between the member states (Abdrakhmanova, 2013; Khasbulatov, 2006). The growth rates of the production of products in such industries as: dairy products, cheese making, the production of sunflower oil, sausages and white sugar, in recent years have remained below the growth rates of imports of food products, which is mainly due to persisting internal problems: a low level of technological equipment of agricultural enterprises and farms, the small-scale nature of agro-industrial production constraining innovation processes in this area, etc. And the aggravation of these problems in the context of the development of integration is associated with growing competition in the markets.

For example, over the period of development of integration processes in the Eurasian space, the production of sunflower oil is described by an increase in the main indicators. Thus, for 2010-2014, there was an increase in the volume of domestic production from 162.5 to 234.9 thousand tons, or 44%. However, in 2015, there was a decrease in production by 1.5%, which is a consequence of the economic crisis and high growth rates of imports (Figure 2).

Table 3 provides an assessment of the impact of the EAEU Treaty on the sustainability and competitiveness of sunflower oil production.

In the structure of EAEU imports in 2014, the largest share was made of cheese and cottage cheese – 39.2%, butter – 20.3%, non-condensed milk and cream – 19.2%. At the same time, compared to 2013, the share of cheese decreased, and butter, milk and non-condensed cream increased, respectively (Figures 3, 4). Despite the favourable conditions for the import of raw materials provided by the EAEU (the rates of import customs duties are 0% and differ from the rates of the CCT by the decision of the Interstate Council of the Eurasian Economic Community No. 18 dated November 27, 2009), the dependence of Kazakhstan's sugar production on imports, including white sugar is considerably high (Figure 5).

Kazakhstan's acceptance of free trade terms within the Customs Union facilitated the flow of significant volumes of more competitive granulated sugar from Russia and Belarus (Figure 6). Therewith, the geography of imports of white sugar for Kazakhstan has recently been changing towards non-CIS countries due to lower prices than in Russia.

Thus, if the share of imports from the Russian Federation in consumption in 2009 was 55.9%, then in 2015 it was 23.6%. Notably, in 2015 the volume of white sugar produced, covered by subsidies, amounted to 1.1 thousand tons. This support is mainly due to the presence of low resource potential.

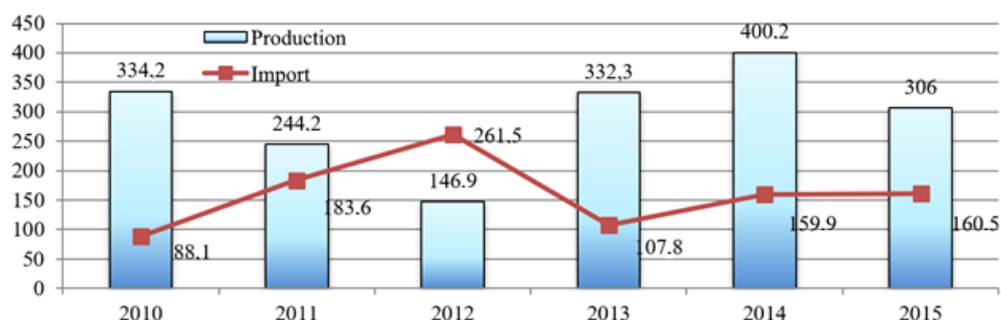


Figure 5. Production and import of white sugar in Kazakhstan, thousand tons

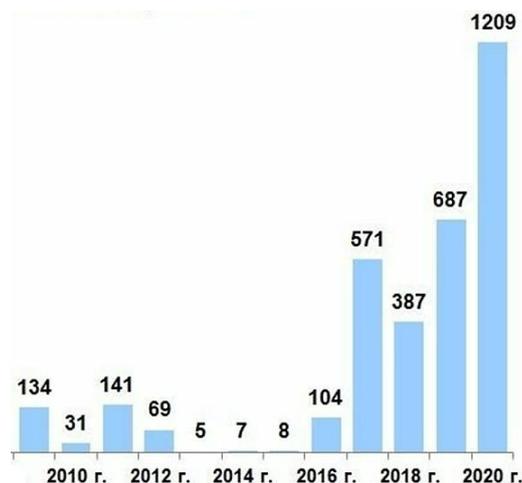


Figure 6. Export of white sugar in Russian Federation, thousand tons

Table 4. Assessment of the impact of the EAEU Treaty on the sustainability and competitiveness of the sugar industry in the EAEU member states, source: compiled by the authors

Name of the protocol to the EAEU Treaty	Impact of the protocol to the EAEU Treaty	
	on the competitiveness of the industry	on the competitiveness of the industry
On measures of state support for agriculture of the EAEU member countries	It allows the use of intensive technologies and ensures an increase in the yield of sugar beets, reduces the cost of raw materials (the purchase of sugar beets is subsidised by the state), which increases its competitiveness	A possible increase in crops and sugar beet yields will allow loading the capacity of sugar factories and ensure the relative stability of their functioning
On the application of sanitary, veterinary, and quarantine phytosanitary measures	The use of quarantine measures improves the quality of seed material, and, accordingly, an increase in productivity, ensuring an increase in competitiveness	The control over the quality of imported raw materials, such as raw cane sugar and white sugar, is increasing, which will lead to an increase in the quality of products. Does not significantly affect stability
On technical regulation within the framework of the EAEU	The implementation of the <i>Technical Regulations for Food Products</i> contributes to the implementation of national, interstate, and international product quality standards, affects the growth of competitiveness	The use of this regulation facilitates the delivery of high-quality raw materials – imported raw cane sugar for the production of white sugar. Does not significantly affect stability
On the application of special protective, anti-dumping, and countervailing measures	It does not have a direct impact, since it is aimed at relations with third countries. However, from 2019, in relations with third countries, it will be possible to protect the internal market in accordance with the WTO rules	
General principles and rules of competition	Provides conditions for creating a single competitive field in the EAEU countries for the production of agricultural goods and gives an impetus to increase their competitiveness	

Indeed, during the study period, the production of sugar beet in the republic decreased by half, due to a decrease in cultivated areas by 41% and a decrease in yield by 18.1%. The impact of the rest of the protocols on the sustainability and competitiveness of the sugar industry is illustrated in Table 4.

The integration of Kazakhstan into the Eurasian space has increased the dependence of the sausage market on the products of the EAEU countries. Thus, from 2010 to 2015, despite the annual increase in the volume of production of these products, the growth of imports increased from 25.6 to 33.2 thousand

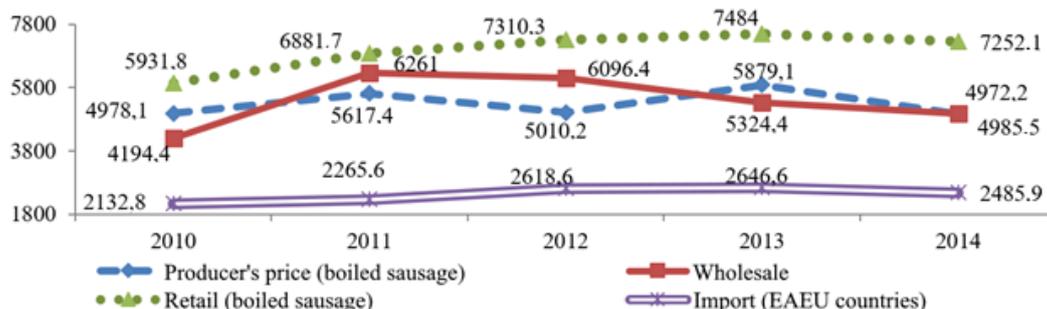


Figure 7. Changes in the dynamics of prices on the sausage market, USD per tonne

Table 5. Assessment of the impact of the EAEU Treaty on the sustainability and competitiveness of the sausage industry in the EAEU member states, source: compiled by the authors

Name of the protocol to the EAEU Treaty	Impact of the protocol to the EAEU Treaty	
	on the competitiveness of the industry	on the competitiveness of the industry
1	2	3
On measures of state support for agriculture of the EAEU member countries	Reducing the cost of storing and purchasing feed and feed additives, supporting selection and breeding work in beef cattle breeding contributes to an increase in livestock productivity, an increase in the quality of fattening and a decrease in prices on the market. This affects the growth of competitiveness	An increase in the volume of livestock production allows for a more rational use of capacities, for the reconstruction of existing capacities and for the commissioning of additional capacities, increases jobs, generates demand and stimulates production
On the application of sanitary, veterinary, and quarantine phytosanitary measures	Provision of improved product quality and safety, creation of the ability to export to the markets of other countries, and contribution to the growth of competitive goods	Ensuring food, veterinary safety, and sanitation contributes to improving product quality, increasing demand and market stability
On technical regulation within the framework of the EAEU	Development and implementation of technical regulations <i>On the safety of meat and meat products</i> contributes to the optimal ratio of price and quality of goods, which increases competitiveness	A well-functioning system of stocking and slaughtering livestock is being developed, including for bringing quality raw materials to processing, export stability
On the application of special protective, anti-dumping, and countervailing measures	Does not have a direct impact, since it is aimed at relations with third countries	
General principles and rules of competition	Provides conditions for creating a single competitive field in the EAEU countries for the production of agricultural goods and gives an impetus to increase their competitiveness	

tons. The share of imports in consumption was 44%, with an increase in the share of the EAEU countries. Therewith, the effect of strengthening interstate relations amounted to 33 thousand dollars, which is the result of saturation of the national market with a cheaper product (Figure 7).

Mainly boiled sausage is imported to the national market from Russia (99.8%), at a price lower than that of the domestic producer. This restrains the growth of wholesale prices, which formed at the level of 4,985 USD/t, or 12% below the price of Kazakhstani commodity producers. Since, in particular, in Kazakhstan, the share of meat processing, according to the Ministry of Agriculture of the Republic of Kazakhstan, in 2014 was only 26%. Sausage production capacities are only 31% loaded.

The impact of the implementation of other protocols of the EAEU Treaty on the industry in question is clearly displayed in Table 5.

Discussion

The domestic market of the EAEU member states is described by a high dependence on imports, especially in goods of such processing industries as: canned milk (condensed and non-condensed products), cheese making, the production of sunflower oil, sausages and white sugar. The existing potential growth opportunities for this industry of sunflower oil production in the context of deepening integration processes are constrained by internal problems. Firstly, there is a shortage of capacities for the primary processing and storage of the harvested crop, which also leads to a decrease in competitive advantages. Secondly, an ineffective system of relations between agricultural producers and processing enterprises.

In this context, the conditions created within the framework of the EAEU Treaty affect how to solve

these problems and improve production relations in this industry, since the requirements in the common market of the Eurasian space are changing. Therewith, the conditions of the Protocol *On the Application of Sanitary, Veterinary and Sanitary, and Quarantine Phytosanitary Measures* are important for the development of this industry, which contribute to the development and implementation of international and regional standard approaches. This is due to the low quality of sunflower seeds as a raw material for the country's oil and fat industry. Currently, the yield of sunflower is 4-7 c/ha, for comparison in Russia this figure is 13-15 c/ha.

In general, domestic cheese producers are not competitive in the Kazakhstan market. It is difficult for them to pursue a policy of import substitution, and they are inferior both in quality and in price characteristics. Notably, sustainable development and ensuring the competitiveness of the cheese-making industry in the republic is constrained not by pressure from cheap imports from Russia, Belarus, and Kyrgyzstan, but by the presence of persisting internal problems: the lack of high-quality raw materials in a sufficient volume, its high purchase price, an imperfect system for selling milk, etc. Therefore, Russia and Belarus will remain the main exporters to the Kazakhstan cheese market. In this context, the regulatory and legal obligations of Kazakhstan to the EAEU allow to solve these problems, where special emphasis should be made, in particular, on the active implementation of the requirements of technical regulation "On the safety of milk and dairy products" at enterprises, since currently the republic is facing an acute problem of low productivity of dairy cows and low protein content in milk, with increasing costs for keeping cows.

In addition, the operation of this protocol contributes to strengthening control over imported products in the customs territory by means of sanitary, phytosanitary measures, technical regulations. As for the sugar industry: in general, integration ties within the EAEU ensure coverage of the domestic market for white sugar needs and do not put pressure on domestic producers, due to their non-competitiveness in price (although the price of raw sugar remains low). For the development and growth of domestic white sugar production, measures to implement the EAEU Protocol *On State Support for Agriculture* are more important, which makes provision for support to processors of agricultural products.

In general, in the context of the strengthening of the integration process in the Eurasian space, one of the directions for solving the problems of the sausage production industry is the implementation of measures to increase stability and competitiveness on the basis of the adopted EAEU documents. The use of the significant potential of protective measures laid down in the protocol *On the safety of meat and meat products* will help develop a system

for ensuring product safety at all stages of its *life cycle*, as well as eliminate unnecessary technical barriers for business. Furthermore, to solve the problem of the weak development of the meat processing industry in the EAEU member states and the extremely inadequate use of the available capacities, the implementation of measures of the EAEU Protocol *On measures of state support for agriculture of the EAEU member countries* is of current importance. The sustainability of the canned milk industry, especially in the condensed milk and cream sector, is influenced by the presence of problems of low-quality raw materials due to the fact that the dairy sector is currently 80% concentrated in households, as well as a lack of production capacity. To solve these problems of the industry, the implementation of measures under the Protocol *On measures of state support for agriculture of the EAEU member countries* is of utmost importance. Further implementation of these measures will help increase the stability and competitiveness of the industry, as well as create opportunities for import substitution.

Conclusions

Thus, the analysis of the impact of the studied agreements on sensitive sectors of the agricultural sector of the EAEU member states allowed to conclude that new mechanisms are being developed in production areas to introduce international quality standards and strengthen control over the safety and quality of imported products. This, in turn, allows to create conditions for sustainable production and growth of competitiveness of the industries under consideration. It was found that increased competition stimulates domestic producers to look for ways to improve the quality and competitiveness of their products. And therefore, competitive pressure from foreign producers in the context of the development of integration processes can revive the domestic competitive environment and force domestic producers to restructure, update, and diversify production, reduce prices and improve product quality, and take into account customer demand more fully.

Therefore, in the future, it is necessary to count on the positive impact of these documents, which can be derived in the long term as industrial relations expand and change towards the introduction of interstate standards, technical regulations, sanitary, veterinary, and quarantine standards, an increase in state support for the *green box*, etc. Studies have led to the conclusion that integration can have positive economic effects, which include the following:

- an increase in trade within the integration block, which leads to an increase in production, and when the market expands for producers, a scale effect appears for its further development;
- the effect of trade reorientation, which increases the production of export goods in a member

- country and promotes more rational use of resources, the development of specialisation in production that has comparative advantages;
- mobility of factors of production, which contributes to an increase in economic growth due to an increase in demand for products and a decrease in the price of products for the consumer;
- increasing the volume of foreign direct investment from partner countries, which creates incentives for the development of the industry;
- competition from enterprises of partner countries reduces the degree of market monopolisation, leads to an increase in the efficiency of market mechanisms, and provides enterprises wide access to financial, labour resources, and the latest technologies.

Acknowledgments

The study was carried out on the basis of the preparation of a report on the topic: *Research of the influence of state policy in the agricultural sector on the development of cooperative processes in the agro-industrial complex, sustainable development of rural areas and ensuring food security* under the leadership of Olipbeki Ongarbek in the specialized direction *Sustainable development of rural areas*. This research has been funded by the Ministry of Agriculture of the Republic of Kazakhstan (BR10764919).

References

1. ABDRAKHMANOVA R.S., 2013, *Integration of the Republic of Kazakhstan into the CES: Methodology, Practice, Results*, Eurasian National University, L.N. Gumilyov, Astana.
2. ALCALÁ F., GONZÁLEZ-MAESTRE M., MARTÍNEZ-PARDINA I., 2014, Information and Quality with an Increasing Number of Brands, *International Journal of Industrial Organization*, 37: 109-117.
3. BALDWIN R., 2016, The World Trade Organization and the Future of Multilateralism, *Journal of Economic Perspectives*, 30(1): 95-116.
4. BULATOV A.S., 2002, *Economics*, Economist, Moscow.
5. CAVUSGIL S.T., KNIGHT G., 2015, The Born Global Firm: An Entrepreneurial and Capabilities Perspective on Early and Rapid Internationalization, *Journal of International Business Studies*, 46(1): 3-16.
6. DE LUCA A.I., IOFRIDA N., LESKINEN P., STILLITANO T., FALCONE G., STRANO A., GULISANO G., 2017, Life Cycle Tools Combined with Multi-Criteria and Participatory Methods for Agricultural Sustainability: Insights from a Systematic and Critical Review, *Science of The Total Environment*, 595: 352-370.
7. GAIDAR E., 2005, *Long Time. Russia in the World. Essays on Economic History*, Business, Moscow.
8. GELVANOVSKY M.I., 2011, International Integration: Methodological Aspects of the Problem of Increasing Competitiveness in the Context of Globalisation, *Kazakh Economic Bulletin*, 1-2: 2-14.
9. HAUSMANN R., KLINGER B., 2006, Structural transformation and patterns of comparative advantage in the product space, *CID Working Paper No. 128* (pp. 1-38), Center for International Development Kennedy School of Government Harvard University, Harvard.
10. HIRST P., THOMPSON G., BROMLEY S., 2015, *Globalization in Question*, John Wiley & Sons, Hoboken.
11. HITT M.A., LI D., XU K., 2016, International Strategy: From Local to Global and Beyond, *Journal of World Business*, 51(1): 58-73.
12. HUSSEIN I.YA., OGURTSOVA E.V., 2017, The Impact of Globalisation on the Functioning of the Capital Market, *Saratov University Bulletin. New series. Series Economics. Management. Law*, 17(2): 134-140.
13. JAIMOVICH E., MERELLA V., 2012, Quality Ladders in a Ricardian Model of Trade with Non-homothetic Preferences, *Journal of the European Economic Association*, 10(4): 908-937.
14. KAMSHIBAEV R.A., KULMAGANBETOVA A.B., 2015, Ensuring the economic security of Kazakhstan in the context of the integration processes of the Eurasian Economic Union. *Innovative Development of Modern Science: A Collection of Articles by Students, Graduate Students, Young Scientists, and Teachers* (pp. 65-69), RIO MTsII OMEGA SCIENCE, Ufa.
15. KHASBULATOV R.I., 2006, *World Economy and International Economic Relations*, Gardariki, Moscow.
16. KHEIFETS V.P., OVDEENKO A.A., 2003, *International Integration*, GUAP, Saint Petersburg.
17. KHUDYAKOVA O.V., 2007, *International Integration and its Impact on the Development of the National Economy*, P. O. Sukhoi Gomel State Technical University, Gomel.
18. KOFNER J., BALAS P., EMERSON M., HAVLIK P., ROVENSKAYA E., STEPANOVA A., VINOKUROV E., KABAT P., 2017, *High-level Consultation Meeting on Eurasian Economic Integration. IIASA Project 'Challenges and Opportunities of Economic Integration within a Wider European and Eurasian Space'*, Workshop Report, International Institute for Applied Systems Analysis, Laxenburg.
19. KÜHN W.M., 2017, The Eurasian Economic Union – Risks and Opportunities of an Emerging Bipolar Europe, *Zeus Zeitschrift für Europarechtliche Studien*, 20(2): 185-234.
20. LAURSEN F., 2018, *Comparative Regional Integration*, Routledge, London.
21. LIPSITS I.V., 2012, International trade and its impact on the country's economy. *Economics: 237-244*, VITA-PRESS, Moscow.
22. Main Integration Associations in the World Economy, 2020, <https://laws.studio/mirovaya-ekonomika-knigi/osnovnyie-integratsionnyie-obyedineniy-a-60991.html>.
23. MIRONOV M., 2013, *Your Competitiveness*, Scientific Book, Voronezh.
24. MOISEEVA YU.O., VYATKINA E.A., OSANKINA T.V., 2019, Integration Processes and their Impact on the National Economy, *Contentus*, <https://cyberleninka.ru/article/n/integratsio>

- nnye-protsessy-i-ih-vliyanie-na-natsionalnuyu-ekonomiku
25. MOLDASHEV A.B., NIKITINA G.A., 2015, *Assessment of the Impact of the EAEU Agreements and Changes in the Conditions of Interaction with the External Market upon Joining the WTO on the Main Sectors of the Agro-Industrial Complex of Kazakhstan*, KazNII APK and RST, Almaty.
 26. MOREAU-DEFARGE F., 1996, *Introduction to Geopolitics*, Concord, Moscow.
 27. MOSTAFA G., MAHMOOD M., 2018, Eurasian Economic Union: Evolution, Challenges and Possible Future Directions, *Journal of Eurasian Studies*, 9(2): 163-172.
 28. MURAVSKA T., BERLIN A., 2016, Towards a new European Neighbourhood Policy (ENP): What benefits of the Deep and Comprehensive Free Trade Agreements (DCFTAs) for shared prosperity and security? *Political and Legal Perspectives of the EU Eastern Partnership Policy*: 23-37, Springer, Cham.
 29. SCHOPER Y.G., WALD A., INGASON H.T., FRIDGEIRSSON T.V., 2018, Projectification in Western Economies: A Comparative Study of Germany, Norway and Iceland, *International Journal of Project Management*, 36(1): 71-82.
 30. SHKVARYA L.V., 2015, *The World Economy in Diagrams and Tables*, UNITY-DANA, Moscow.
 31. SURUGIU M.R., SURUGIU C., 2015, International Trade, Globalization and Economic Interdependence between European Countries: Implications for Businesses and Marketing Framework, *Procedia Economics and Finance*, 32(15): 131-138.
 32. VINOKUROV E., 2017, Eurasian Economic Union: Current State and Preliminary Results, *Russian Journal of Economics*, 3(1): 54-70.
 33. ZIYADULAEV N.S., 2015, Development of the Eurasian Economic Union: Risks and Opportunities in a Period of Turbulence, *Russian Foreign Economic Bulletin*, 5: 3-18.