

Integration process in the Eurasian Economic Union (EAEU): Interstate relations instead of supranationality under the conditions of multipolarity

Processo de integração na União Económica Eurasiática (EAEU): relações interestatais em vez de supranacionalidade nas condições de multipolaridade

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ABSTRACT:

The inevitability of integration process development of the EAEU member-countries on the basis of inter-state relations of the EAEU member-countries is justified under conditions of formation of multipolar world community. It is proved that the dominance of supranational construction of an integration association in the post-Soviet space is due to absolutization of the theory, which was the basis for the creation and evolution of the European Union.

Keywords: polycentrism (multipolarity), regional integration, supranationality, integration process, the Eurasian Economic Union (EAEU).

RESUMO:

A inevitabilidade do desenvolvimento do processo de integração dos países membros da EAEU com base nas relações interestatais dos países membros da EAEU é justificada sob condições de formação da comunidade mundial multipolar. Está provado que o domínio da construção supranacional de uma associação de integração no espaço pós-soviético é devido à absorção da teoria, que foi a base para a criação e evolução da União Europeia.

Palavras chave: policentrismo (multipolaridade), integração regional, supranacionalidade, processo de integração, União Económica Eurasiática (EAEU).

1. Introduction

The importance of the chosen topic is conditioned by a complicating geo-economic situation in

the world economy and by strengthening opposition of the transfer process to multipolar configuration (Perskaya, Glukhovtsev, 2011; Deutsch, 2003; Hoffmann, 1997). So the improved coordination and agreed strategic directions in the development of national economies of the EAEU member-countries in bilateral and multilateral contacts meet the tasks of increasing national competition of organizations' member-countries, of their achieving sustainable development under conditions of moving to multipolarity using mutual potential and the complementary practice while they advance in their development.

Research hypothesis assumes that regionalization of international cooperation in economic, scientific and technical, investment, logistic spheres is an integral part of internalization of reproduction chain of creating the world GDP (Hoffmann, 1997; Putin, 2013). According to the existing integration theories, their iterations in the form of regional integration alliances are considered to be the highest form of regionalization process as they have institutionally fixed frames and competencies, and strictly defined tasks and goals (Sherjyazdanova, 2010; Haas, 1958; Dieter, 2014). While conducting the research, I have analyzed epistemological grounds of integration theory emergence, evolution of these forms depending on scientific schools, and the practice of realization of such alliances as NAFTA, EU, ASEAN (as the key to understand the role of supranationality in integration). The findings have been applied to the development of integration collaboration of the EAEU member-countries under conditions of transfer to multipolarity (Perskaya, 2015).

For the above mentioned reasons, the aim of this paper has been defined as to determine the potential and provide recommendations for the development of inter-state interaction within the EAEU frames. To achieve this goal, the main objectives of the study are identified as follows: to identify the determining trend for the development of integration associations in the post-Soviet space in terms of using tools of supranational or interstate interaction in the transition to multipolarity; to conduct a comparative analysis of existing integration associations of the EU (as a supranational entity) and NAFTA (interstate partnership) in order to ensure sustainable development; to study the priority forms for the development of the mutual potential of the EAEU member-countries in the forms of cooperation, which allow to strengthen the process of mutually complementary development, incl. spheres of the real (manufacturing) sectors.

2. Methods

Theoretical grounds for the research are based on the ideological epistemology of the necessity of the emergence of supranationality in integration alliances under conditions of bipolarity. The transition to multipolarity under modern conditions influences the transformation of institutions and mechanisms of the functioning of integration entities, which follows from the analysis of the practice of the implementation of NAFTA or the European Union; This makes it possible to give recommendations for the development of cooperation within the framework of the EAEU.

3. Data, Analysis and Results

The Eurasian Economic Union (*EAEU*) is a regional economic union based on the principle of integration interaction. As in Concept of the Foreign Policy of the Russian Federation highlights "International relations are experiencing a transition period whose essence is that a polycentric international system is being formed. This process is not a smooth one; it is accompanied by the increase of turbulence in economic and political development on the global and regional levels" (Putin, 2016).

Within globalization frames (i.e. the internalization process of making the global GNP accounts to 70-75%) of the world economy the implementation of political initiatives and foreign policy ambitions that meet the need of nations' self-identification in the world community can be based upon either mutual contractual basis or expansionary tendency of foreign economic national policy accompanied by a relevant array of methods and instruments (Perskaya, Glukhovtsev, 2011).

Multipolarity or polycentrism implies the formation of political and economic alliances, unions and organizations on a primarily contractual basis that reflect jointly-developed positions of separate countries expressed on the state level, satisfying their national interests and nations' self-identification in the world community. Multipolarity differs in the fact that there are no universal approaches to politics, economy, cultural development, the spread of national customs and beliefs; there is no ambition to "suppress" or impose ideas or ideological determinants on the whole association or union.

In other words, national ethnic and social, religious, historical and cultural variety of nations and peoples is perceived as it is, national interests of countries or ethnic groups are not suppressed, state general system values and development priorities are distinguished whose implementation leads to equal interaction of parties thus improving stability of the world community development on the whole. That implies that multipolarity under current conditions can be based upon the participation of separate countries in various associations, unions, and alliances with the purpose of pursuing and carrying out national interests in the world economy and at that regionalization is the dominant factor that enhances the interaction of parties.

I assume that the ideology of developing a bipolar world community as an optimally robust development form is an element of passivity of thinking and perception habit that are addressed to by fervent advocates of monocentrism. In particular, the existence of strategic military alliances remains the reality of the global development under conditions of a rather severe resistance of multipolarity opponents (including the USA that defends multipolarity under the auspices of the United States of America).

Under conditions of multipolarity regionalization is directed at implementing priorities and tasks of progressive development of national states making the most use of national inner potential and possibilities of interacting with partners considering multi-vector nature of national interest of every state and their agreement on strategically important sectors and spheres. It is necessary to underline that this research regards national interests as encompassing the following points:

- dynamic development of national economy to improve the standard of living;
- the possibility to realize personal potential of citizens providing that national, ethnic and religious beliefs are secured;
- the provision of social peace and safety of national territories and national security;
- the reduction of disproportionality in income levels of citizens and regions within countries;
- the development of civil society and democratic freedoms that do not infringe traditional foundations of state-building and that meet the requirements of nations' self-identification in the world community.

National interests in our context are directed at the development "within" countries, they do not pursue any purposes of dominating in the world community, though they assume the usage of regional and trans-regional economic ties in the furtherance of these goals (Eskindarov, 2015).

3.1. Concerning integration theory

Integration theory was significantly developed immediately after the Second World War and due to a large-scale national liberation movement in the 60s when the existing in the 20th century colonial system started to break; these two events turned out to be the most influential impetuses for its development. Under conditions of the development of bipolar world community, opposition and competitiveness of command and market business models the scientific community started to further the discussion about the nature of economic cooperation and integration process as such; there also was an attempt to introduce criterial differences of these phenomena and to work out objective criteria of integration being a process, on the one hand, and, on the other hand, being an actually accomplished fact of integration.

In Russia and the countries of the Eurasian Economic Union, the view is widespread that the "classically correct integration" is the European Union. Scientists - researchers believe that the

integration process of the Eurasian space should go this way (goals) (Dragneva, Wolczuk, 2017).

For example, B. Balassa (1961) defines integration both as "a process and a stratum". If to speak about integration as a process then it implies taking measures directed at the abolition of discrimination among economic entities of different national states; if to speak about integration as 'strata' characterizing the state of interaction then it implies "the abolition of discriminatory measures" among national economies. According to Kahnert (1969) economic integration is "the process of discrimination liquidation (in cases of economic cooperation) across national borders". Thus liberalization of foreign trade was not regarded as an integration stage by scientific community at that time. Later, Allen (1963), for example, began to prove in his works that Balassa's criteria of process and strata applied to economic integration meant integration as such that was identical to cooperation. At the same time Lipsey (1957) analyzed customs union and focused his attention on the fact that, in principle, it is an element of an integration process and the theory of customs unions must be regarded as a section that considers tariff policy that is primarily explained by geographic differences that in some cases lead to discriminatory changes in trade barriers (among countries).

From Machlup's (1977) point of view integration is the process of uniting separate economies into large economic formations and it is connected with "the usage of all opportunities of effective labour division" (Staley, 1977).

At the same time one more point of view appeared in integration theory which was developed in further researches. That idea stated that integration is "the ability of an entity or a system to support itself against internal and external challenges" (Goldstein, Freeman, 1990). The main argument of this group of authors is the opposition to a group of countries with centrally planned economic systems under conditions of bipolarity.

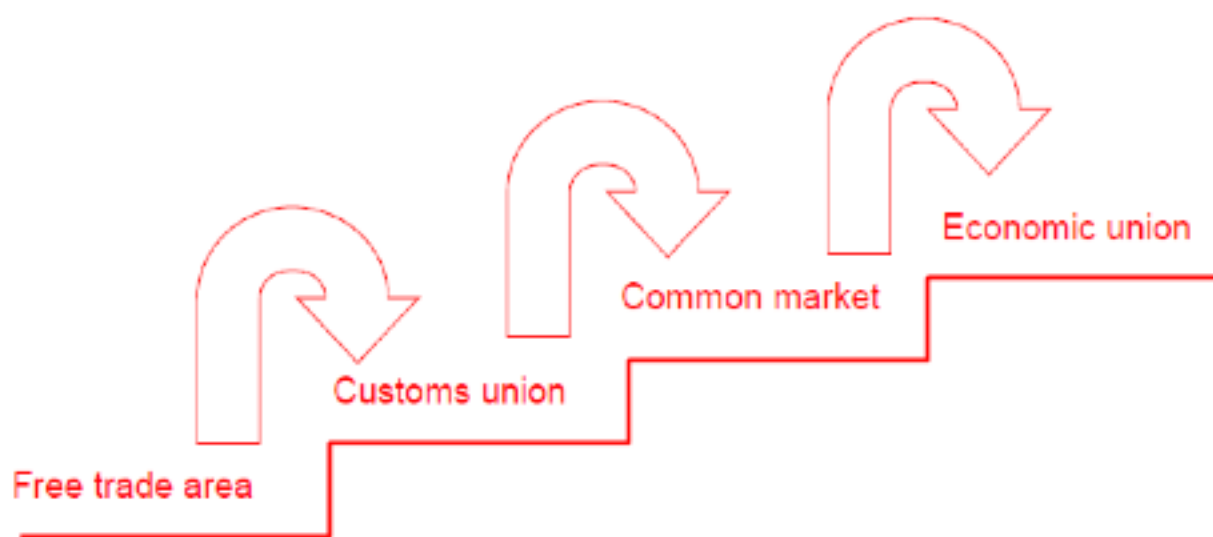
B. Balassa who turned out to be one of the founders of development stages of economic integration, assumed that integration should be regarded from the point of view of resource allocation, standard of living improvement considering labour productivity and obtaining additional values recording possible losses of separate households and even segments of national economies at the expense of dependence on the interests of uniting partners (1961). The theory of integration development that was worked out in the 70s of the previous century was directed at the justification of the following order of integration establishment (or form of realization) (Balassa, 1961): free-trade zone (agreement on tariffs and instruments of non-tariff regulation by member-countries against third countries), customs union (elimination of discrimination in goods movement and agreement on tariff level in relation to third countries – non-members of the customs union), common market which shapes comprehensive conditions for economic integration in the form of an economic union. In its final form (or the most resultative at that period of the global development) the economic union implies the unification of monetary, fiscal and social policies; joint policy against cyclical development of the market economy that should form a proper supranational political power whose decisions are binding on all member-countries of the integration union. Further this last stage of integration was called "full integration" (Bulatov, Liventsev, 2008) thus explaining the development process of economic integration as a progressive advance from a low form to a higher form of economic interaction (Bulatov, Liventsev, 2008). The main advantages of such an evolving include: internal markets capacity expansion and their associations; the increase of purchasing power of the population while commodity prices decrease and per capita income increase (GNP per capita); the increase of production competitiveness and the growth of economic effectiveness; economies of scale effect due to the specialization deepening; the development of a more efficient production structure with regard to competitive advantages of every country; the improvement of investment attractiveness by means of markets unification and the provision of four freedoms – movement of goods, services, capital, labour force and increase in labour productivity; accelerated economic growth. As for integration costs, they include the reduction of budgetary receipts due to customs tariffs decrease and structure changes in national

households which leads to job cuts in ineffective fields and enterprises, staff re-training, increase of bureaucratic expenses to sustain offices. As a rule, more economically advanced countries gain these benefits while less developed economies face clearly negative consequences (Bulatov, Liventsev, 2008).

So, integration theory was dominated by the concept developed by a professor of Johns Hopkins University in the USA B. Ballassa (1961), who regarded integration from the point of view of federalism, functionalism and neo-functionalism development connecting them with political consequences of integration; regional integration goes through a traditional way that finally leads to supranational governing and regulatory bodies: picture 1 shows every consecutive step being higher than the preceding one.

Figure 1

The hierarchy of regional integration development.



In the 70s and 80s the problems of transiting of economic integration to supranationality were regarded from "three theoretical approaches: federalism and neo-federalism, functionalism and neo-functionalism and transnationalism and pluralistic approach".

Under conditions of integration federalism implies the creation of interstate entity, i.e. federation by means of uniting countries' efforts to solve specific problems of mutual interest. As a result, the sovereignty of national states should disappear. Classical federalism (political analyst from the USA A. Hamilton and British experts K. Wheare and R. Watts (Sherjyazdanova, 2010)) implies that integration associations can be effective only when member-countries delegate a part of their powers to supranational bodies.

A. Etzioni assumed (1962) that the purpose of integration is to create "political community" that should possess some means of 'violence', should have the right to make decisions and is based on "its own ideological principles" that are directed at developing relevant self-identification guidance in the society.

Federalism considers the main purpose or the philosophy of integration in the form of political association domination over economic goals which exactly happened in the frames of the EU when it joined the countries of Central and Eastern Europe after the collapse of the Council for Mutual Economic Assistance and the USSR. It is federalism which insists on the fact that separate states, it especially concerns small countries (Baltic States, Balkans, etc.), are not able to provide people with security from wars, violence, radical nationalism and extremism, etc., including security from renewed Russia that is regarded by federalists only from the point of opposition to its sustainable development. There is a statement typical for federalism which states that power concentration with supranational institutions promotes the development of democratic freedoms and requires the establishment of centralized institutions that possess practically unrestricted powers. It is necessary to underline that precisely this interpretation is used by western experts in different variations to describe ways of integration development of the *EAEU* due to the Russia's recovery on the world scene. At the same time, considering current trends and ideological impetuses of western political analysts in terms of the necessity

to develop democratic rights and freedoms, theories of integration federalism highlight the necessity to activate the role of population of member-countries, allowing the usage of all available instruments in order to stir the masses to greater activity, including the restoration of nationalistic discourse and the creation of artificial enemy within territorial borders of small countries.

Theories of functionalism and neofunctionalism interpret integration as a process of spreading the influence of one centre that possesses jurisdiction to a precise area, as a process of delegating some functions to this centre by subjects of economic and political life of national states. D. Mitrany and E. Haas are considered to be the founders of functionalism (Haas, 1958), their formulations gained momentum in the theory of the European Union development and were reflected in Lisbon Treaty and the European Union Constitution. As for the system of forming the European international relations concerning the EU, there must be distinguished a so called "functional alternative" that ensures universal unity or "functional community" that will be extended to the world. Besides, the supporters of this approach hold thesis that the possibility of regional integration development may not be connected with geographical closeness of the territories which has afforded ground to further assert under conditions of unicentricity paradigm that BRICS countries should opt for gradual loss of their national sovereignty (Dieter, 2014). E. Haas has determined the main structural elements of integration and has proved that there is a "low" or primary stage in integration policy (that is regarded as an element of integration process) which is governed by realistic goals – improvement of well-being, economic growth, education and social security. These very elements were taken as a basis with regard to integration processes in developing countries as they are immanent to underdevelopment and the task of securing well-being belongs to governments' top priorities in developing countries. "High" stage implies the priority in promoting the country's foreign policy interests.

Consequently (Amr, 2013), the issues of nation's well-being, improvement of cultural and educational levels, health care system and quality of healthcare services are crucial priorities for developing countries during the first stage. Foreign policy positioning dominates on a higher level (or during a so called phase of true interaction, i.e. collaboration) where all the member-countries should proceed. Thus adherents of this system also prove the unconditionality of supranational integration development in the frames of the *EAEU*, but I should underline that the dogma of "opposition" or "block approach" on the world stage continues to be the dominating argument.

K. Deutsch (2003) as a founder of *pluralistic integration model* describes integration in terms of "communication networks" that determines the following integration ways: amalgamate, i.e. the unification of a number of countries into one state formation and pluralistic, i.e. a situation when integration community functions preserving political independence of the states.

Under conditions of amalgamate integration the populations of integrated countries should share identical values, have enough experience in communication with each other, have the same benefit expectations of integration and also similar forms of life organization. In other words, the main goal of integration is to create "a sense of community".

These very issues have become the matter of dispute among representatives of the theory of interstate approach that is a modern explanation of pluralistic integration model. However, regarding integration as a communication network, S. Hoffmann (1997) distinguishes state interests as the major element of integration process that will always encourage contradictions between national states and supranational institutions thus leading to uncertainty in state relations. To smooth destructive character of these contradictions, another representative of this theory de Puig, M. Gómez-Puig (1996) assumes that integration entity should be a "concordance system". In other words, key decisions in the integration entity are made only on the agreement of all nation states given that one of the states is given a special role with regard to making decisions that are to be accepted by everybody.

Summing the mentioned above theoretical positions, it is possible to conclude that all of them

define integration as a high level of interaction between states and as such it is expressed in delegating some powers or national sovereignty of the participants of this political process to supranational bodies. However, the logical question arises: why is everybody so unanimous in defining supranationality as an inevitable phase of any integration? I assume that the answer is that under conditions of bipolar world community and the opposition of two socio-economic formations such an idea is the trend that is characteristic of a certain historical period and it reflects a systematic opposition of socio-economic formations.

Under transition to multipolarity modern integration acquires new features that should exclude the usage of such integration processes as "block" and systematic opposition in international relations though not everybody in the world community agrees with this statement.

Currently, a number of researches by various expert communities (Dieter, 2014) characterize the final stage of economic integration using the term "collaboration" which implies institutionalization of regional integration. The phase of institutionalization (or the phase of adopting constitution that would confirm supranationality of economic integration) was primarily justified by the historical experience of German Customs Union (since 1834) and by a rather successful development of the USSR national economy during forty post-war years which was also based on the process of regional integration. However, when considering the EU membership of Norway the European Union faced opposition from the national government that advanced to preserve its right to deliberalize its foreign economic ties. The authors of the same research point out that the trend to transform the post-Soviet space, the establishment of the *EAEU* in particular, should follow a traditional way of regional economic integration development, i.e. the political union should be created as soon as possible (Dieter, 2014).

Furthermore, western experts point out that customs union as part of the *EAEU* is the step to the reintegration of "the Soviet space", regional integration in the frames of the *EAEU* member-countries is "a political ambition of Moscow, a kind of megaproject" to confront the widening influence of the USA, at the same time regional interaction and integration development are absolutely political strategies that are not connected with real economy. The opinion is expressed that Russia is a hegemon(ist) in this union, its role will be expressed as a locomotive of integration (Usda staff and not necessarily statements of official u.s. Government policy, 2017).

"It's not especially difficult to trace where the *EAEU* went awry. After all, for an organization that sees Russia account for some 84 percent of total GDP — and which launched just as Moscow entered into the longest recession Putin had ever overseen, with little likelihood of early-2000s growth rate returning — economic disappointment was bound to result. "Except for the case of Kyrgyzstan, there is little evidence to suggest that integrating with Russia is an attractive path towards modernization," Dragneva and Wolczuk note. Still, the smaller states are willing to at least cater to Russia's geopolitical designs and claims of regional hegemony, so long as it means more favorable economic relations."Ultimately, the signing of the new [customs] code in December 2016 became another opportunity for Kyrgyzstan and Belarus to secure better economic hand-outs from Russia," the authors continue. "Even when the code enters into force, most likely in 2017, this kind of bargaining is likely to plague its implementation within the *EAEU*" (Casey, 2017).

In other words, all international and a number of Russian researchers of economic integration evolution in frames of the *EAEU* insist that integration should follow the only possible way, which is the way of supranationality; the latter can speed up the process of economic interaction when delegating some national state functions to supranational bodies. But the question is whether member-countries want to give up their national sovereignty and whether it will contribute to self-identification of these nations and peoples in the world community. The experience of recent years proves that the answer will be negative.

Supranationality has met the tasks of ensuring the dynamics of market economies development under conditions of opposing socialist camp in the context of bipolar world configuration. Socialist countries were characterized by severe management and political consolidation in

frames of the Council for Mutual Economic Assistance; objectively, the opposition on the basis of market economy required manageability and dependency on the single authority when opposing economic cyclical development that was not typical for socialist economy and that was why it gave advantages against market economy.

Practically all further theoretical ideas of economic integration development implemented the postulate of "bipolar opposition" and expanded this idea onto multipolarity. In other words, the requirement for supranationality in integration is the result of "block" perception of the world economy; this "block" evidently possesses antagonistic tendency that will not contribute to sustainable development of the world economy on the whole.

Any supranationality implies the loss of national sovereignty and under conditions of multipolarity it complies with realias and harms sustainable development as it diminishes and abolishes the role of national state, predetermines the conservation of backward economic structures, the growth of income disproportionality, the loss of social tendency of economic development and national and cultural identification origins including culture, language and the history of nation's infancy.

Under conditions of multipolarity the role of (national) states as such increases that is why they objectively should possess the entire national sovereignty and relevant powers to realize it when implementing the priorities of national economies development. (At the same time the most important question of sustainable development in the modern world is the problem of improving the standard of living of the countries' citizens and elimination of high disequilibrium in income distribution).

Consequently, it determines the transformation of integration theory in current conditions and under multipolarity this transformation must be based solely on the principle of interstate interaction and the principle of supranationality should be exclusively used in situations that pose threats to national security and nations' health and are limited in time. According to this conclusion, it has been proved that the *EAEU* development cannot follow the way of traditional integration accomplishing this process by the political union formation. That is why it has been proved that the establishment of the *EAEU* is not the renewal of "Soviet integration" but it is an organization of a new type as the transition to the obligation to implement supranationality in integration is the determinant of bipolar world community and subsequent monopolarity. The analysis conducted in 2015 within Russian R&D state order allowed making a conclusion that complete preservation of national sovereignty by member-countries of different integration unions (the EU, NAFTA, ASEAN) and possession of a larger choice of an array of methods and forms of interaction with third countries to pursue national interest is possible only when there is no severe supranational regulation. The idea that the absence of supranationality in integration is the proof of its initial stage of development has been rejected by the performance of the NAFTA and ASEAN. On the contrary, one can observe increased disproportionality in regional development and in income distribution in the EU which undermine sustainable development of the region on the whole. It is no coincidence that such a form as "partnership" has been chosen to form the USA Transoceanic arrangements where national sovereignties of the countries remain politically secure.

Concluding the above mentioned, I should underline that "economic interdependence of the countries is one of the key factors of maintaining international stability, ... the Russian Federation pays particular attention to the activity of organizations and structures that contribute to the strengthening of integration processes on the territory of the Commonwealth of Independent States" [23], so only the enhancement of the role and significance of national states in the world political and economic system will allow solving the tasks of improving standards of living which are the major elements of national interests. A polycentric model that embodies all the variety of the world, its inhomogeneity and multistructurality is connected with the establishment of new centers of economic and political influence that assume responsibility for their regions more and more often. Regional integration becomes an efficient tool in improving competitiveness of its participants (Putin, 2013).

4. Discussion

The Economic Commission for Europe (ECE) being a permanent regulatory body of the Eurasian Economic Union since 2 February 2012 is the supranational regulatory body (About the Eurasian Economic Commission, 2017). In its activity the ECE is governed by the interests of member-countries of the Eurasian economic integration project on the whole without reasoning their decisions as being preferable by any national government. Commissions are binding to be implemented across the territories of the member-countries of the *EAEU*. The most important feature of the Commission is that the decisions are made on a collegiate basis. However, the practice shows that the process of decision-making takes a lot of time, bureaucratization is very high and decisions' execution leaves much to be desired. It is necessary to pay attention to the fact that the issues of economic interaction are based on the principles and agreements of the WTO that currently are not working (due to the introduced sanctions against Russia, which is not stipulated in the WTO agreements; due to the countermeasures taken by the Russian Federation; and due to the formation of a new legal framework by a number of countries as a result of preparing and signing Transoceanic partnerships) but present significant difficulties to integration interaction between member-countries of the *EAEU*. I'd like to specifically highlight the processes of harmonization and unification that refer to different economic segments. Technically, unification occurs only in cases of supranational associations; as for interstate unions it can occur only when the level of interaction of national economic entities is very high. Harmonization of policies and regimes of economic activity is a rather time-consuming and unprofitable process for national budgets under conditions of interstate-hood and enhanced opposition from the developed countries of Eurasian integration as such, so harmonization moves forward very slowly and does not always comply with national interests and priorities of member-countries of the *EAEU*. Economizing on the budget resources the *EAEU* countries integrate in the spheres and segments that are vital for national economies. For example, a single market for wholesale, retail and tourist trade started functioning in the frames of the *EAEU* on 1 January 2015; it is planned that a single market of the *EAEU* audit services will be formed at the level of member-countries of the *EAEU* in 2016; a single *EAEU* exchange room, a common pharmaceutical market of the *EAEU* and a common market of medical products of the *EAEU* are to start functioning in 2016. A common electrical energy market is to start in 2019; a single market of excisable trade by alcohol and tobacco products is to start in 2020. Services and labour common markets are to be formed in 2016-2017.

However, the development of interaction in manufacturing sphere of the member-countries of the *EAEU* remains on a low level. The share of manufactured production in mutual trade accounted to 6% in 2014. One of the reasons is the stagnation in labour productivity combined with imperfection of production technical structure of member-countries. In order to improve the production interaction in the frames of the *EAEU* it is necessary to sophisticate industrial production of the *EAEU* which can be done by means of the development of engineering companies directed at the coverage of all replenishment cycle, the usage of 6D-model investment projects and the transfer of technologies. A significant factor to increase competitiveness and advance development of industrial cooperation is the introduction of electronic management systems of production processes and the employment of design modularity. At the same time member-countries of the *EAEU* want to increase a share of national investments into education sphere of digital technology in order to shift to digital economy.

The tasks to be met in order to intensify integration production interaction in the *EAEU* are as follows:

1. The enhancement of growth and industrial output;
2. The development of cooperative partnership in production;
3. The increase of output share of the member-countries of the *EAEU* on the total market and the provision of its gradual expansion of its localization;

4. The establishment of enterprises to manufacture new competitive products that possess the export potential; the modernization (technical upgrade) of existing manufacture and the creation of new innovative production sectors of member-countries of the *EAEU*;
 5. The elimination of barriers on the way of manufactured goods movement on the general market of the *EAEU*, including near-border commodity turnover;
 6. The creation of internal investment potentials of member-countries of the *EAEU* to increase investment provision of manufacture and cooperative enterprises including the synchronization of financial and credit policies of the Union countries.
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5. Conclusion

The analysis of preferred directions of production cooperation has demonstrated that it is necessary to stimulate the development of production cooperation of member-countries of the *EAEU* including industrial cooperation and specialization considering common practices, activization of production and innovative policies, paying attention to the coordination of components whose synchronization should be a goal of the activity of international organizations, including the *EAEU*. Among preferable spheres of manufacture all *EAEU* countries distinguish the ones that have a rather high potential for development. On grounds that a number of spheres is different in member-countries of the *EAEU* I assume that it would be strongly desirable to foster efforts to agree on the instruments of industrial policy (i.e. synchronization) that will allow guiding entrepreneurs towards the development of mutual cooperation. In particular:

- it is the synchronization of fiscal instruments to support business including businesses on regional and local levels which are used in the *EAEU* countries when realizing projects on the basis of cooperation and specialization;
- it is the elimination of barriers on the way of goods, services and capital movement that provide for international specialization and cooperation of production (ISCP);
- it is the synchronization of monetary policy that provides for production cooperation between economic entities in the fields agreed by the parties;
- it is the establishment of agencies and trading houses on the territory of the *EAEU* and third countries to realize output produced on the basis of ISCP.

Concluding, I assume that supranationality is not an objectively needed element of regional intergation in the frames of the *EAEU*. Under conditions of polycentricity of the world economy it is solely interstate interaction basis that allows using the potential of national sovereignty by member-states in its full capacity thus providing for full adequacy of economic interaction.

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