

**KAZAKHSTAN'S POSITION
IN THE ECONOMIC COOPERATION
WITH OTHER COUNTRIES OF
CENTRAL ASIA**

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ABSTRACT

Improving the forms and mechanisms of regional economic integration, deepening the mutual understanding on the formation of an economically and politically secure integrated space, expanding trade and economic relations, elaborating joint actions to maintain regional peace and stability, creating a single information space are among the key areas that have become the basis of cooperation among the Central Asian region (CAR) states.

The authors reveal the positive aspects of cooperation among the CAR countries—Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, and Tajikistan. First and foremost, these include common historical roots, linguistic and cultural similarity, convenient geographical location and established economic ties, which allow the states of Central Asia (CA) to establish a deeper and more active understanding of each other, to solve economic and political problems related to finding and realizing domestic investment potential and expanding regional trade and economic ties.

The joint establishment of international transport corridors and infrastructure will help reduce the transport costs for Central Asian countries that supply export products to external markets, which is an important area of cooperation in Central Asia.

In addition, the economic problems that exist among the regional countries largely determine the nature of relations between them. Future solution of problems determines the subsequent viability of the Central Asian Regional Economic Cooperation

(CAREC) and the regional development prospects.

Based on the use of economic research tools, the authors examine the problems caused by the COVID-19 pandemic and their impact on the state of trade and economic relations between the regional states.

Post-crisis plans for economic recovery in the Central Asian countries will be developed and implemented in the context of the need to solve the present-day problems associated with the gradual lifting of quarantine measures. In this regard, the quickest possible transition of economies to an upward growth trajectory should launch the expansion of trade and economic cooperation and ties among the Central Asian countries.

The authors emphasize the fact that another important problem within CAREC is the fact that CAR economies are dominated by raw materials, which does not solve the problems of reducing social inequality and improving the welfare of the regional population.

For this reason, Kazakhstan, like other Central Asian countries, is currently in search of a new economic model. The transformation is crucial because the country needs to overcome its excessive long-term dependence on the export of oil and raw materials. The new economic model should be focused on further industrialization and diversification of the economy, on the search for new innovative approaches and development strategies.

KEYWORDS: economic cooperation, Central Asia, Central Asian countries, international integration, Kazakhstan, development strategy, Central Asian Regional Economic Cooperation (CAREC)

Introduction

The implementation of a coordinated economic policy by the Central Asian region (CAR) countries led to the emergence of a strategy for interstate interaction and the establishment of Common Economic Space (CES), whose main priority tasks are:

- formation of a common energy market,
- interaction of transport complexes and the development of transit potential,¹
- efficient use of water resources,
- increasing the productivity of irrigated agriculture and the introduction of modern technologies in agriculture.²

Further efforts to consolidate the Central Asian republics and intensify CAREC should be aimed at the need to improve the integrated transport and communication system, develop trade and economic cooperation and joint support for domestic producers, and address environmental issues.

According to international observers, Kazakhstan, with its vast natural resources and a relatively favorable investment climate, continues to be the most developed country in Central Asia. Experts estimate its potential for attracting foreign direct investment at \$100 billion, including up to \$40 billion in non-resource sectors of the economy.³

One of the priority strategic tasks of Kazakhstan's foreign policy is the creation of integrative structures in Central Asia, along with the expansion of bilateral cooperation with the regional states. Thus, the relationship of Kazakhstan with other Central Asian republics initially developed at two levels: within the CIS and within the region.⁴

The Foreign Policy Concept of the Republic of Kazakhstan for 2020-2030 (Chapter 4, "Priorities in the Field of Regional and Multilateral Diplomacy") discusses further development of strategic relations with the Central Asian states (Para. 4.2.), among other things.⁵

The following arguments serve as a justification for this provision. Kazakhstan, which has the largest economy in Central Asia in terms of GDP and territory, is an important and active participant of the CAREC program. In addition, the natural wealth of the Republic of Kazakhstan makes it highly attractive to foreign investors. Finally, the strategic position of the republic allows it to facilitate unhindered cross-border trade, which, thanks to the presence of transport corridors, is a serious advantage within CAREC. This situation obliges Kazakhstan to use its advantages to the maximum to create regional and global value-added chains.

In order to maintain a leading position among the Central Asian states, the Republic of Kazakhstan needs to further develop a strategy to diversify its economy and remove other restrictions for ~~effective economic cooperation within the framework of the integrative union.~~

¹ See: K.S. Mukhtarova, S.K. Akhmetkaliyeva, E.S. Mukhtar, E.E. Baymukanbetova, Z.T. Dildebayeva, "Government Regulation of Innovations in the Logistics System in the Republic of Kazakhstan," *Espacios*, No. 39 (51), 2018, available at [<https://www.scopus.com/authid/detail.uri?authorId=55795620400>], 10 September, 2020.

² See: K. Erimbetova, "Sotrudnichestvo stran Tsentralnoi Azii v sovremennykh usloviyakh," e-history.kz, 14 April, 2018, available at [<https://e-history.kz/ru/news/show/5563.3214>], 10 August, 2020.

³ See: M. Sarsenova, "Smozhet li Kazakhstan uderzhat lidiruyushchie pozitsii v Tsentralnoi Azii?" Kapital, 11 October, 2019, available at [<https://kapital.kz/economic/81878/smozhet-li-kazakhstan-uderzhat-lidiruyushchiye-pozitsii-v-tsentralnoy-azii.html>], 20 October, 2020.

⁴ See: G. Koishybayev, "Tsentralnaia Azia: novy etap v ukreplenii regionalnogo partnerstva i doveriia," *Vestnik diplomatii*, No. 2, 13 June, 2018, available at [<http://kazanalytics.kz>], 10 September, 2020.

⁵ See: *Decree of the President of the Republic of Kazakhstan dated 6 March, 2020 No. 280 On the Concept of Foreign Policy of the Republic of Kazakhstan for 2020-2030*, Official website of the President of the Republic of Kazakhstan, 9 March, 2020, available at [https://www.akorda.kz/ru/legal_acts/decrees/o-koncepcii-vneshnei-politiki-respubliki-kazakhstan-na-2020-2030-gody], 12 August, 2020.

Methods and Materials

Important issues of trade and economic cooperation between Kazakhstan and the Central Asian countries are reflected in analytical economic and statistical reviews posted in government documents, i.e., the Decree of the President of the Republic of Kazakhstan dated 6 March, 2020 No. 280 On the Concept of Foreign Policy of the Republic of Kazakhstan for 2020-2030, official Statistics of Foreign and Mutual Trade for 2018-2019,⁶ etc.

Numerous studies and expert assessments have been devoted to the problems and prospects of integration within the Central Asian region. In fact, there is a group of authors researching various aspects of interstate cooperation in Central Asia: from multidimensional assessments to highly specialized analysis.

A multilateral study was conducted by the Asian Development Bank (ADB), which released a report entitled *Kazakhstan, 2017-2021—Promoting Economic Diversification, Inclusive Development, and Sustainable Growth*, with participation of experts/consultants specializing in various aspects of CAREC development: W. Zhang, S. O'Sullivan, G. Capannelli, K. Rosbach, M. Counahan, A. Delos Santos, N. Djenchuraev, C. Espina, J. Farinha, A. Kalieva, I. Martinez, T. Minnich, L. Mtchedlishvili, R. Naik Singru, D. Peschel, N. Rive, M.A. Rosero, O. Samukhin, J. Sarvi, S. Shrestha, C. Tiangco, H. Waldring, J. Asanova, V.A. Mercer Blackman, *et al.*⁷

The document of national importance, as well as the study of the priority role of the Republic of Kazakhstan and its significance from the viewpoint of the efficiency of public administration in the development of international economic cooperation, both at the enterprise and country levels, deserve attention.⁸

Research conducted by authors and organizations is devoted to the current state of CAREC development.⁹ Nevertheless, most of these authors agree that integration cooperation within Central Asia carries a number of problems and risks, which are examined in some of the works.¹⁰

⁶ See: *Statistics of Foreign and Mutual Trade for 2018-2019*, Official website of the Ministry of Science and Economics of PK, 2018, 2019, available at [<https://stat.gov.kz/official/industry/31/statistic/6>], 10 September, 2020.

⁷ See: *Kazakhstan, 2017-2021—Promoting Economic Diversification, Inclusive Development, and Sustainable Growth*, ADB, Country Partnership Strategy, August 2017, available at [<https://www.adb.org/sites/default/files/institutional-document/357421/cps-kaz-2017-2021.pdf>], 10 September, 2020.

⁸ See: *Decree of the President of the Republic of Kazakhstan dated 6 March, 2020 No. 280 On the Concept of Foreign Policy of the Republic of Kazakhstan for 2020-2030*; K. Mukhtarova, G. Yesbolganova, "Perception of Innovations by Public Enterprises in Kazakhstan," *Academy of Strategic Management Journal*, 2018, available at [<https://www.scopus.com/authid/detail.uri?authorId=55795620400>], 16 July, 2020.

⁹ See: Zh. Mamyshev, "Kazakhstan narashchivaet sotrudnichestvo so stranami Tsentralnoi Azii," *Kursiv*, 21 August, 2019, available at [<https://kursiv.kz/news/geopolitika/2019-08/kazakhstan-narashchivaet-sotrudnichestvo-so-stranami-centralnoy-azii>], 19 September, 2020; Yu. Mager, "Tsentralnaia Aziia: dobrososedstvo i sotrudnichestvo v XXI veke," *Kazakhstanskaya pravda*, 3 December, 2019, available at [<https://www.kazpravda.kz/articles/view/tsentralnaya-aziya-dobrososedstvo-i-sotrudnichestvo-v-xxi-veke>], 10 September, 2020; M. Bizhikeyeva, "Otkorrektiroval li COVID-19 eksportnye napravleniia Kazakhstana?" *Kapital*, 25 avryca 2020, available at [<https://kapital.kz/economic/89256/otkorrektiroval-li-covid-19-eksportnyie-napravleniia-kazakhstana.html>], 10 September, 2020; Yu. Kutbitdinov, "Torgovo-ekonomicheskoe sotrudnichestvo stran Tsentralnoi Azii v period pandemii," *TSEIR*, 19 June, 2020, available at [review.uz/ru/hwh], 10 September, 2020.

¹⁰ See: T. Panchenko, "Pochemu strany Tsentralnoi Azii nikakaa integratsiia ne берет," *forbes.kz*, 12 June, 2020, available at [https://forbes.kz/process/expertise/pochemu_stranyi_tsentralnoy_azii_nikakaya_integratsiya_ne_beret], 12 September, 2020; "Ekspertry obsudili voprosy razvitiia torgovo-ekonomicheskikh otnoshenii v stranakh Tsentralnoi Azii," Central Asian Bureau for Analytical Reporting (CABAR), 16 October, 2019, available at [<https://cabar.asia/ru/iwpr-ekspertry-obsudili-voprosy-razvitiya-torgovo-ekonomicheskikh-otnoshenii-v-stranah-tsentralnoj-azii#>], 15 August, 2020; N. Kuzmin, "Razroznennoe obschenie: Tsentralnaia Azia v poiske identichnosti," *Mir peremen*, 25 June, 2020, available at [<http://mirperemen.net/2020/06/razroznennoe-obschenie-centralnaya-aziya-v-poiske-identichnosti/>], 12 August, 2020; A. Bohr, "Relations with Other Central Asian States (short translation)," CAAN, 3 December, 2019, pp. 70-85, available at [<https://www.caa-network.org/archives/18673>], 12 August, 2020.

Other analytical works provide arguments in favor of establishing an international integration union.¹¹

The ADB report is a fundamental study that broadly reflects the issues of public administration in the framework of Kazakhstan's international integration, which is a leader in cooperation with the Central Asian countries.¹²

The authors used official resources and documents published by state governing bodies, such as the official website of the President of Kazakhstan (2020), Decree of the President of the Republic of Kazakhstan dated March 6, 2020 No. 280 On the Concept of Foreign Policy of the Republic of Kazakhstan for 2020-2030,¹³ the official website of the Ministry of National Economy of the Republic of Kazakhstan, Statistics of Foreign and Mutual Trade for 2018-2019.¹⁴

The methodological apparatus of the analysis of CAREC indicators in this article was based on economic and mathematical calculations with the obtainment and use of statistical data. Statistical analysis of the turnover indicators for the foreign trade between the Republic of Kazakhstan and other CA countries allows to determine the trends, structure and dynamics of foreign trade commodity flows in close connection with international macroeconomic indicators and the market situation.

Statistical research method was used to assess and analyze the turnover. Patterns in its development are revealed through turnover analysis. For this purpose, the authors calculated turnover dynamics in current and comparable prices; revealed the formula for the trade turnover growth dynamics in current prices and the used it to calculate the trade turnover growth dynamics for 2018 and 2019.

Thus, the trade turnover growth dynamics indicator (TGD) in current prices was determined by calculating and applying the indicators of the actual turnover for the previous year (B_{n-1}) and the actual turnover for the reporting year (B_n) according to the formula: $TGD = B_n * 100 / B_{n-1}$.

The authors used the economic and statistical research method to calculate a country's foreign trade turnover (B) as the sum of exports (E) and imports (I) according to the formula: $B = E + I$.

This method was used to analyze and illustrate the economic position of Kazakhstan in the CAREC framework.

To predict the foreign trade of the Republic of Kazakhstan with the CA countries, the authors used the linear trend prediction method, usually applied to predict time series, where the data increases or decreases at a constant rate.

Prediction of foreign trade is based on the analysis of reported statistical data on the previous state of the object in question. The purpose of the prediction is to determine the future trends of changes in such impact factors as the general economic and trade situation in the country and structural changes in mutual trade.

The article used such research methods as historical, economic, statistical, comparative and systems analysis (causal relationship), and the method of analogy and prediction.

Discussion and Results

The CAREC Program, established in 2001, is a partnership of 10 countries and 6 multilateral institutions that promote development through cooperation. CAREC helps Central Asian countries

¹¹ See: Yu. Yusupov, "Perspektivy regionalnogo ekonomicheskogo sotrudnichestva," CAAN, 10 September, 2018, available at [<https://caa-network.org/archives/14095>], 12 August, 2020; N. Murataliyeva, "Prognozy i riski v Tsentralnoi Azii v 2019 godu," CAAN, 20 January, 2019, available at [<https://caa-network.org/archives/15102>], 12 July, 2020.

¹² See: *Kazakhstan, 2017-2021—Promoting Economic Diversification, Inclusive Development, and Sustainable Growth*.

¹³ See: *Decree of the President of the Republic of Kazakhstan dated 6 March, 2020 No. 280 On the Concept of Foreign Policy of the Republic of Kazakhstan for 2020-2030*.

¹⁴ See: *Statistics of Foreign and Mutual Trade for 2018-2019*.

and their neighbors realize the enormous potential of an integrated Eurasia by developing regional cooperation in transport, trade facilitation, trade policy, and energy spheres.¹⁵

Central Asia itself is in many ways a mature and self-sufficient socio-economic, cultural and historical complex with long-standing traditions of cooperation and interaction. The relations of Kazakhstan with other Central Asian countries are multifaceted, since they have been formed over a long period of time and affect the most important spheres of life of the regional peoples.

The current structures that foster development within CAREC are the Customs Union, which has grown into the Eurasian Economic Community comprising Russia, Kazakhstan, Belarus, Kyrgyzstan, Tajikistan, and Central Asian Economic Community (CAEC), which includes four Central Asian states, with the exception of Turkmenistan. In addition, the system of personal contacts between the countries' leaders and the bilateral cooperation format traditionally play an important role.

The great strategic integrative potential of the Central Asian countries (CACs), along with such unifying factors as their colossal natural wealth and rich human resources, makes this huge underdeveloped market very promising in terms of economic and political interaction of the CACs.

Integration within the CAR implies close-knit friendly cooperation, as well as consideration of mutually beneficial economic interests. The volume of trade between the Central Asian states in 2018 was still modest, however, it grew by 35% compared to the previous year and amounted to \$12.2 billion, serving as clear proof of mutually beneficial cooperation in the region.

Along with the fact that integration implies consideration of mutually beneficial economic interests, the CA countries are aware of the risks, certain contradictions of regional integration, as well as the danger of global competition. There are a number of problematic aspects in the activities of the CA countries, including infrastructure insufficiencies and other major barriers that currently impede cross-border trade, i.e., unofficial payments, which are a ubiquitous feature of the region's border regimes. It will therefore be beneficial for Central Asian leaders to take measures to improve border efficiency, in particular, by solving the problem of informal payments and other non-tariff barriers.¹⁶

In continuation of the above, the following is a quote from the 21 August, 2019 speech made by the Minister of Foreign Affairs of Kazakhstan Beibut Atamkulov at a high-level C5 + 1 meeting: "We are inspired by the progressive development of political, economic and humanitarian cooperation with our neighbors. Indeed, Central Asia is experiencing a renaissance."¹⁷

In its integration activities, Kazakhstan has always focused on strengthening economic cooperation and ensuring security. According to an international expert,¹⁸ Kazakhstan is not merely positioning itself as an intermediary between Russia and other Central Asian states, it has begun to more clearly identify itself as an integral part of Central Asia.

The First President of Kazakhstan proposed to consider the possibility of concluding a five-sided Treaty on good-neighborliness and cooperation for the development of Central Asia in the 21st century; he also called on the governments of the CA member countries to pay attention to the problems associated with the high dynamics of demographic development. In particular, the share of young people is increasing in the CA countries, and special emphasis is required on issues of youth unemployment and labor migration both within countries and within the region.¹⁹

The new foreign policy concept of the Republic of Kazakhstan, approved on 6 March, 2020, states that Kazakhstan needs to consolidate its status as a leading Central Asian state. This means that the comparative advantages available in the republic should be used to solve common problems.

¹⁵ See: "Eksperty obsudili voprosy razvitiia torgovo-ekonomicheskikh otnosheniy v stranakh Tsentralnoi Azii."

¹⁶ See: A. Bohr, op. cit., p. 10.

¹⁷ Quoted from: Zh. Mamyshev, op. cit.

¹⁸ See: A. Bohr, op. cit., p. 9.

¹⁹ See: Yu. Mager, op. cit.

In December 2018, Boston Consulting Group, an international management consulting company, presented the report *Investing in Central Asia: One Region, Many Opportunities*, where it estimated the investment potential of the Central Asian region at up to \$170 billion over the next 10 years. The document highlights an important fact—the region east of the Caspian Sea, which includes Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Turkmenistan, has significant potential to become an attractive investment destination. However, some Central Asian countries are already on the investors’ map. In particular, Kazakhstan attracted foreign direct investment (FDI) totaling \$82 billion between 2008 and 2017. “With FDI mainly concentrated in extractive sectors, the country’s [Kazakhstan’s] diversifying economy offers attractive new opportunities,” states the observers of the Boston Consulting Group.²⁰ The important role will belong to the projects related to the development of the oil and gas sector under TRACECA programs. The region will be quickly incorporated into the global transnational market system.²¹

The authors obtained a scientific conclusion based on economic calculations using the methodological apparatus of the study through an analysis of indicators characterizing CAREC carried out in the article. Thus, it is possible to determine turnover growth dynamics (TGD) in current prices using the following formula:

$$\text{TGD} = B_n * 100 / B_{n-1}, \quad (1)$$

where: B_{n-1} is the actual turnover for the preceding year;

B_n is the actual turnover for the reporting year.

According to the above formula, the trade growth dynamics between Kazakhstan and the Central Asian countries in 2019 compared to 2018 equaled to 13.5%.

This approach confirms the leading position of Kazakhstan in trade and economic cooperation with the CAC, which is clearly demonstrated by the following diagram (see Fig. 1):

According to the Ministry of National Economy of the Republic of Kazakhstan (MNE RK), the total foreign trade turnover volume in 2018 amounted to \$94.769 billion, of which the total trade volume with the CA countries was \$4.635 billion; in 2019, the total trade turnover with the CA countries amounted to \$5.263 billion.

Of all the Central Asian countries, Kazakhstan was most actively involved in mutual trade with Uzbekistan; in 2018, Uzbekistan’s share in its total trade volume was 2.9%. The analysis demonstrates that Kyrgyzstan was second with 1.0%, Tajikistan was in the third place with 0.9%, and Turkmenistan—in the fourth place with 0.1%.

In 2019, the Republic of Kazakhstan’s share in its trade turnover with other Central Asian countries compared with 2018 increased from 4.9% to 5.4%, respectively.

The sum of a country’s exports and imports represents its foreign trade turnover, which correlates with the values of export and import indicators (see formula 2):

$$F = E + I, \quad (2)$$

where F is the foreign trade turnover of a country,

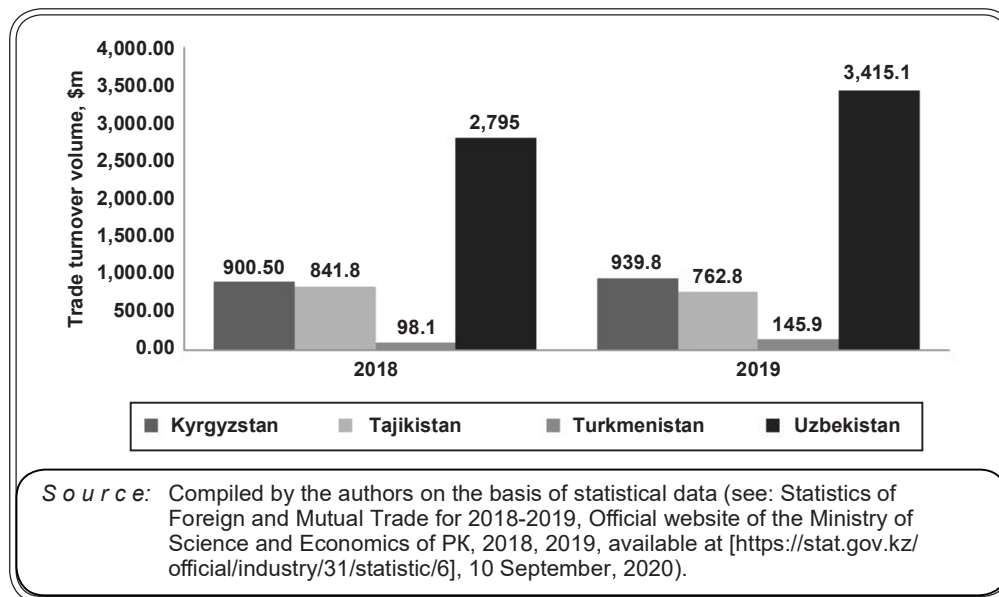
E —exports, and

I —imports.

²⁰ *Investing in Central Asia: One Region, Many Opportunities* BGG, 23 December, 2018, available at [https://www.bcg.com/investing-in-central-asia-one-region-many-opportunities], p. 9.

²¹ See: “Sotrudnichestvo Kazakhstana so stranami Tsentralnoi Azii,” Kazportal. kz, 23 August, 2015, available at [https://www.kazportal.kz/sotrudnichestvo-kazakhstan-so-stranami-tsentralnoy-azii-210], 16 August, 2020.

The Total Trade Volume between Kazakhstan and Other Central Asian Countries in 2018-2019



This methodology illustrates Kazakhstan's economic position in CAREC on the issues of export and import (see Fig. 2).

Thus, in 2019, the share of Uzbekistan in trade with the Central Asian countries was 3.5%, Kyrgyzstan—1.0%, Tajikistan—0.8%, Turkmenistan—0.1%.

Fig. 2 shows a noticeable increase in 2019 in indicators of trade with Uzbekistan, where trade turnover increased from 2.9% to 3.5%, exports—from 2.7% to 3.4% (from \$1.6 to \$1.9 billion), and imports—from 3.4% to 3.6% (from \$1.1 billion to \$1.4 billion).

With Kyrgyzstan, the indicators of trade turnover in the same period remained unchanged at 1.0%, the country's share in total exports did not change either and amounted to 1.1% (from \$656.8 to \$624.1 million), while imports increased from 0.7 % to 0.8% (from \$243.6 to \$315.7 million).

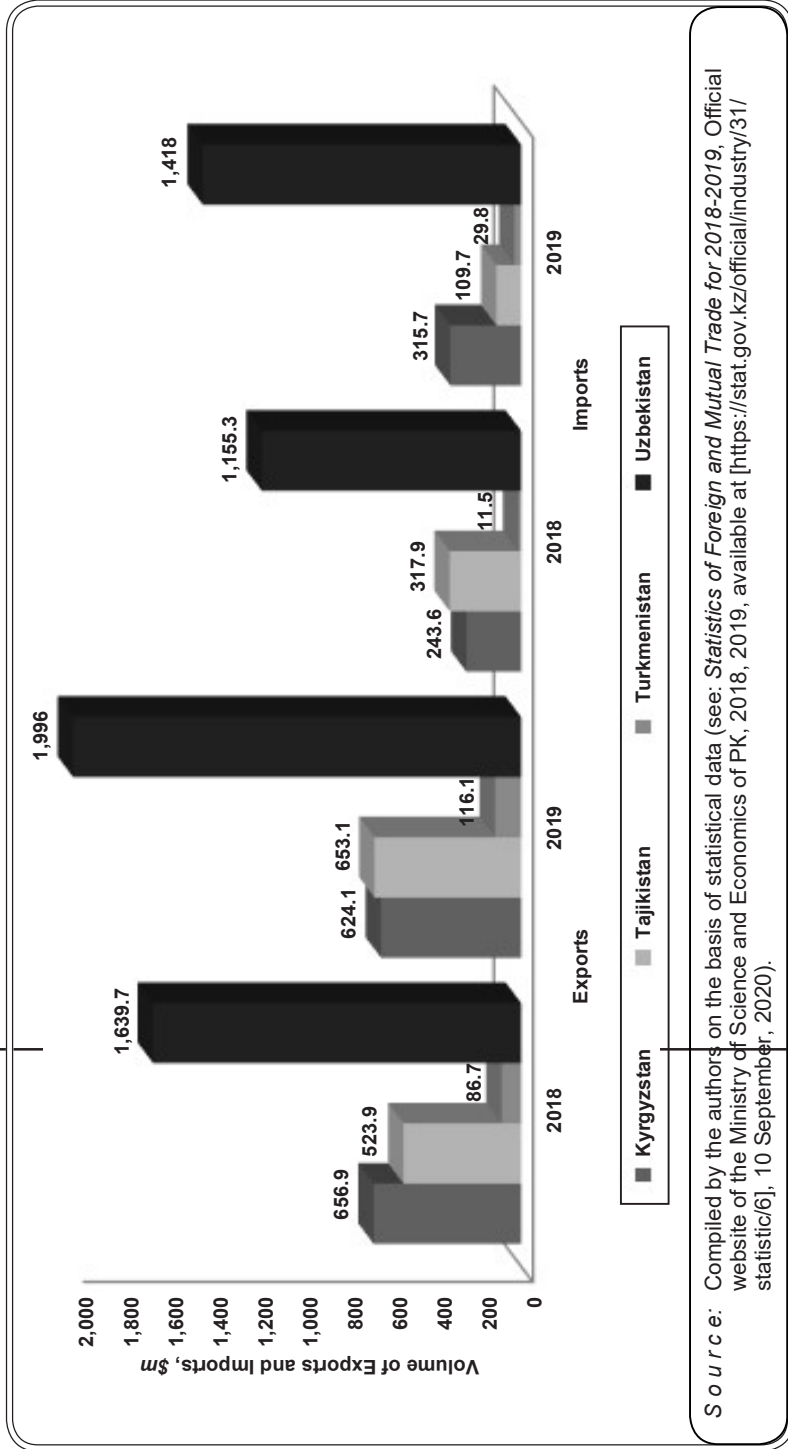
Trade with Turkmenistan in the same period also remained unchanged at 0.1%; the country's share in total exports and imports increased by 0.1% (from \$86.7 to \$116.1 million and \$11.5 to \$29.8 million, respectively).

At the same time, the indicators of foreign trade with Tajikistan slightly decreased both in trade turnover—by 0.1% (0.9% in 2018 – 0.8% in 2019), and in import volume—by 0.6% (from \$317.9 to \$109.7 million), while the share of Tajikistan in the total volume of exports, on the contrary, increased by 0.2% (from \$523.9 to \$653.1 million).

The trade and economic relations of Kazakhstan with the Central Asian countries were strongly influenced by the global COVID-19 pandemic. Thus, in 2020, the trade and economic relations of Kazakhstan with the Central Asian countries were seriously affected; quarantine measures taken in the region have led to a deterioration in the indicators of mutual trade between the countries; in the first five months of 2020, compared to the same period in 2019, trade between Kazakhstan and CA countries decreased by 16.9% and amounted to \$1.5 billion. According to the Ministry of Trade and Integration, exports decreased by 5.5% (from \$1.4 to \$1.2 billion), imports—by 9.3% (from \$475.4

Figure 2

Total Volume of Exports and Imports of the Republic of Kazakhstan with CA Countries, 2018-2019



Source: Compiled by the authors on the basis of statistical data (see: *Statistics of Foreign and Mutual Trade for 2018-2019*, Official website of the Ministry of Science and Economics of RK, 2018, 2019, available at [https://stat.gov.kz/official/industry/31/statistic/6], 10 September, 2020).

to \$336.0 million). But, on the other hand, in the context of the economic crisis, integration ties need to be intensified at the enterprise level.²²

The chief contribution of the Central Asian countries to regional trade is as follows. The largest share in the volume of regional trade is the exports of goods from Kazakhstan and the import of goods to Kazakhstan. Thus, it can be stated with confidence that Kazakhstan is the regional trade leader. Uzbekistan is in the second place, despite its superiority over Kazakhstan in terms of the volume of imports from the regional states. Kyrgyzstan and Tajikistan are more dependent on regional trade than others. Turkmenistan demonstrates the least dependence on trade within Central Asia.

Our calculations using the forecasting method with a linear trend allowed us to derive data on the external trade turnover of the Republic of Kazakhstan with the CA countries for the period from 2020 to 2025 (see Table 1):

Table 1

Foreign Trade Turnover Forecast for the Republic of Kazakhstan with CA Countries for 2020-2025 (thous. dollars)

Year	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan	Total Volume with CA Countries
2018	900,499.7	841,885.7	98,097.8	2,794,989.3	4,635,472.5
2019	939,776.1	762,857.6	145,913.8	3,415,131.5	5,263,679.0
2020	979,052.5	683,829.5	193,729.8	4,035,274	5,891,886
2021	1,018,328.9	604,801.4	241,545.8	4,655,416	6,520,092
2022	1,057,605.3	525,773.3	289,361.8	5,275,558	7,148,299
2023	1,096,881.7	446,745.2	337,177.8	5,895,700	7,776,505
2024	1,136,158.1	367,717.1	384,993.8	6,515,843	8,404,712
2025	1,175,434.5	288,689	432,809.8	7,135,985	9,032,918

Source: Compiled by the authors based on statistical data (see: *Statistics of Foreign and Mutual Trade for 2018-2019*, Official website of the Ministry of Science and Economics of PK, 2018, 2019, available at [<https://stat.gov.kz/official/industry/31/statistic/6>], 10 September, 2020).

According to the baseline forecast, the total volume of foreign trade turnover with CA countries is expected to grow. This trend will continue for 5 years, and will reach \$9.032 billion by 2025. Kazakhstan will most actively trade with Uzbekistan, with Kyrgyzstan in the second place, Turkmenistan in the third and Tajikistan in the fourth spot.

However, it is necessary to account for the factors that are independent from the economic activity of countries, such as the global COVID-19 pandemic, which inhibits the growth of trade between the CA countries; global economic crisis; sanctions; political wars between countries and other global issues.

The CA countries' integration is not limited to mutual trade alone. Important trends in solving urgent anti-crisis problems include the development of regional digitalization projects. Thus, the Organization for Economic Cooperation and Development (OECD) in its report *COVID-19 Crisis Response in Central Asia* recommends paying attention to the digitalization of public services (while

²² See: K. Erimbetova, op. cit.; K. Mukhtarova, G. Yesbolganova, op. cit.

noting that the Kazakhstan portal egov.kz is one of the best in the world), development of e-commerce, creation of digital platforms for business.²³

As part of the program to reduce oil dependence, Kazakhstan seeks to become a transport, telecommunications and investment hub for Eurasian integration. For this purpose, the republic focuses on the development of transport and logistics arteries through the implementation of the Nurly Zhol (Light Path) program, which largely finances major construction projects and is synchronized with China's Belt and Road initiative.²⁴

Kazakhstan remains committed to accelerating the integrative and cooperative processes in Central Asia. The CAREC 2030 strategy is likely to help open up new opportunities for trade and business in Central Asia, transform Kazakhstan's transport corridors into economic corridors, and gradually introduce projects under the New Silk Road megaproject. Since 2015, the government of Kazakhstan has started to implement measures for the Sustainable Development Goals (SDGs), which is reflected in the Kazakhstan-2050 strategy and national development programs.

Thus, Kazakhstan will, as before, act as a beneficiary of CAREC activities and investments within the framework of Strategy-2030, regional cooperation and international integration. Tasks like the rational use of water and energy resources, transport links, unification of tariffs, the creation of a free trade zone, demarcation of borders, etc., remain important for the development and improvement of the Central Asian common market.²⁵

Conclusion

As the result of the study, the authors arrived at the following conclusions:

Current cooperation between the Central Asian countries in the economic, political, socio-cultural and other areas is not only a matter of choosing an economic and foreign policy course and partners, but an objective necessity and inevitable fact. Common regional challenges and problems require common approaches to their solution. Constructive integration is capable of providing synergy, which will have a multiplier effect on the sustainable development of each country individually and the Central Asian region as a whole.²⁶

Historical roots, a common foundation and close proximity, which have led to the emergence of common traditions in development, allow the Central Asian states to achieve a deeper understanding of each other and, accordingly, to solve economic and political issues in the search for and realization of internal investment potential, as well as expansion of regional trade and economic ties.²⁷

The Central Asian states—Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan—have a common history, linguistic and cultural affinity, a convenient geographical location, and established economic ties. Cooperation among CA countries also gives them advantages in saving on transport costs. International transport logistics requires close attention with the intention of successful economic development and interaction between countries. The CAREC transport corridors are an example of successful cooperation. Thus, it is the joint creation of international transport corridors and infrastructure that will contribute to a reduction of transport costs of supplying export products to foreign markets of the Central Asian region, which is a vital part of CAREC.²⁸

²³ See: N. Kuzmin, op. cit.

²⁴ See: A. Bohr, op. cit., p. 4.

²⁵ See: "Sotrudnichestvo Kazakhstana so stranami Tsentralnoi Azii."

²⁶ See: Yu. Mager, op. cit.

²⁷ See: "Eksperty obsudili voprosy razvitiia torgovo-ekonomicheskikh otnosheniy v stranakh Tsentralnoi Azii."

²⁸ See: Yu. Kutbitdinov, op. cit.; K.S. Mukhtarova, S.S. Ospanov, M.D. Sharapiyeva, A. Antoni, "The Evaluation of the Efficiency of Transport and Logistics Infrastructure of Railway Transport," *Pomorstvo*, 2018, available at [<https://www.scopus.com/authorid/detail.uri?authorId=55795620400>], 12 October, 2020.

There is hope that quarantine measures will gradually be lifted in the Central Asian countries, and post-crisis plans for economic recovery will be developed and implemented more actively. In this regard, the expansion of trade and economic cooperation and ties between the countries of the Central Asian region will contribute to the earliest possible move of economies to an upward growth trajectory.

The dominance of the raw material component of the economies of the region's countries remains another long-standing problem within CAREC. This does not solve the problems of reducing social inequality and ensuring the well-being of the population.

Due to the fact that the Central Asian countries are constantly expanding mutual access to their domestic markets, this will largely contribute to increasing the exports of finished products, which should primarily include innovative joint development areas. This can lay claim to inclusive growth in the well-being of the regional peoples within CAREC. Therefore, the development of the service market is very important.

According to an international expert, when the countries of the Central Asian region did not demonstrate a particular readiness for cooperation, Kazakhstan has been establishing its identity as a Eurasian state for a long time, using this platform to develop regional ideas, while maintaining a convenient position as a conduit between Russia and the rest of Central Asia. Kazakhstan is currently in search of a new economic model; the economic course of the Republic of Kazakhstan is increasingly focused on strengthening cooperation with its neighbors in Central Asia.²⁹

Kazakhstan's regional economic role is expected to grow significantly as the country plays an increasingly important role as a hub with its transit and logistics infrastructure, which can generate positive external effects and public benefits for the region.³⁰

²⁹ See: A. Bohr, op. cit., pp. 70-85.

³⁰ See: *Kazakhstan, 2017-2021—Promoting Economic Diversification, Inclusive Development, and Sustainable Growth*.