GLOBAL INTEGRATION AS FACTOR OF THE INTRODUCTION OF KAZAKHSTAN IN THE WTO: LEGAL PROBLEMS AND PROSPECTS

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Abstract

The World Trade Organization (WTO) as the only international body which is engaged in global rules of trade between the states carries out such tasks as assistance in streamlining of process of trade within the system based on certain rules; objective settlement of trade disputes between the governments; organization of trade negotiations. 60 agreements of the WTO — the main precepts of law of policy of the international commerce and trade are the cornerstone of this activity. The principles on which these agreements are based, include lack of discrimination (the mode of the most favored nation and the provision on a national treatment), more free terms of trade, encouragement of the competition and additional provisions for the least developed countries. One of the purposes of the WTO is fight against protectionism.

Since the creation activity of the WTO served as a forum for successful negotiations on opening of the markets in the field of telecommunications, information processing equipment and financial services. She participated in settlement more than 200 trade disputes and continues to watch implementation of the agreements adopted within the WTO.

In article analyzed a role of the WTO in the course of integration of the states into world economic space, preconditions and prospects of accession to WTO in the conditions of globalization and legal preconditions, the basic positive and negative aspects of the introduction of Republic of Kazakhstan in the WTO.

Keywords: Integration, world economic space, WTO, globalization, legal preconditions

Introduction

One of the main tendencies of world economy is struggle for a freedom of commerce. This movement last years has received the globalization name for a freedom of commerce. Globalization means a world freedom of movement not only the goods, but also the capital, and, finally, even the qualified labor. Globalization is basically political activity of the developed industrial countries which often support own globalization to the detriment of the another's.

Globalization - objective process, we want it or not. It penetrates information, technical, economic spheres, erases distinctions of the countries and the people, internationalizes economy and develops uniform system of world communications - a word, destroys habitual, creates new world foundations. Today the world system is captured by a globalization phenomenon. Nothing can seriously prevent globalization for it based on «opening of borders» and «de-regulation» and movable by scientific and technical progress, conducts to the further improvement and expansion of the international integration, growth of an economic competition between the countries, to occurrence of regional integration

associations. It she creates additional possibilities for acceleration of economic growth and production efficiency increase (Esentugelov A., 2011).

Certainly, globalization is capable to generate simultaneously, and Generates new calls and threats steady and to safe development economy of the various countries, especially small with "the narrow" internal market. It does national economy vulnerable for the various negative processes occurring on world commodity and financial markets. In particular it concerns the financial market, which is internationalized to the greatest degree and differs the high instability and in the speed of its distribution. Other threat of globalization is blasting of national state sovereignty under the pressure of the foreign capital and actions of transnational structures.

But globalization bears the main threat to national economy through I will shade the international economic competition which became today the integral characteristic feature of world economy (Chernyshev S.V., 2001). The competition already was beyond for a long time the separate companies, firms, it became interstate.

Attempts of opposition of globalization, creation of the closed economy can lead only to the country self-isolation which result will appear absence of a competition, increase of technological backwardness, fastening of the inefficient deformed structure of economy and the lowest standard of living of the population.

It is necessary to use as much as possible new possibilities which globalization gives us for progress and steady economic growth, and to minimize its negative consequences for our economy. It is necessary, that the government spent responsible economic policy, achieving that benefits exceeded costs that it carried out long-term economic strategy as much as possible, being guided by principles of efficiency, protection of the state national interests and economic safety of the country.

Undoubtedly that in the conditions of globalization by one of the major ways of integration of the states in world economic space is functioning of the states within the limits of the World Trade Organization (WTO).

The Main Results of the Research

The WTO represents an organizational-legal basis of system of international trade. It has been created on January, 1st, 1995 after end of the Uruguayan round of multilateral trading negotiations on December, 15th 1993 and signed in April 1994. The WTO is the receiver of the General agreement under tariffs and trade (GATT).

The WTO differs from GATT not only that in it is presented more states, than in GATT (160 members), but also wider scales of that activity in which it is involved. GATT operated exclusively in sphere of trade with the goods; the WTO covers trade in the goods and services, and also protection of intellectual property rights. Besides, it is that forum where trade relations between the countries in the course of negotiations and the decision of disagreements are formed.

Legally the WTO system is fixed by the Agreement on the WTO establishment, known also as the Marrakesh agreement, and 4 appendices to this agreement, each of which includes international legal arrangements on international trade individual questions. The agreement on WTO establishment contains 29 agreements, 17 of them and the legal documents connected with them, are included in Appendices 1, 2 and 3 (called Multilateral Trading Agreements), make an integral part of the given Agreement and are obligatory for all members of the WTO. Other Agreements and the legal documents connected with them, are included in Appendices 4 (called «Trading Agreements with the Limited number of participants») are obligatory for members of the WTO who have accepted them and don't create obligations for members who haven't accepted them. All agreements define those key

treaty obligations by which the governments should be guided at creation and practical application national legislative and statutory acts in trade sphere ¹²⁸.

Example of really uncontrollable desire can access to WTO to serve China – to its acceptance in organization numbers 15 years of negotiations preceded. There are no doubts that the Peoples Republic of China wholly will use the new status and thanks to falling of trading barriers, the Chinese goods become cheaper and getting everywhere.

Actually, therefore the countries-participants also needed so much years as much as possible to protect from expansion of China the manufacturers. In exchange for WTO membership of the Peoples Republic of China it was necessary to accept a number very much severe constraints and obligations, some of which were never shown to other countries.

One of the most rigid a condition which were taken up by China is that the next 15 years, at carrying out of antidumping investigations, the Peoples Republic of China will be considered as the state with "not market economy", and it means that the decisions which have been taken out by arbitration bodies of the WTO not in favor of China and to it will be very difficult for challenging them.

The post-Soviet territory countries have realized necessity of accession to WTO too. Except for Turkmenistan, all other republics have directed demands for membership, and Moldova, Latvia, Kyrgyzstan, Georgia and others have already joined the ranks of the organization.

The Kirghiz Republic became the first full member of the WTO among the CIS countries. For Kyrgyzstan negotiations on accession to WTO lasted three years.

As a result of so active negotiations Kyrgyzstan had to lower sharply the customs duties, and on a number of the goods to cancel them in general, to abolish licensing, to establish extremely low level of subsidizing of agriculture, to enter a uniform legislative mode for local and foreign businessmen.

Finally, the domestic production which was almost noncompetitive and before accession to WTO, after membership registration has been forced definitively out from home market. At the same time to use decrease in traffic walls and to adjust though any export for the country it is unreal. Foreign investments on which so counted Kyrgyzstan at accession to WTO, and haven't arrived because of an adverse investment climate.

The Kirghiz Republic is compelled to spend now repeated, not less tiresome negotiations on revision of conditions of WTO membership – differently the country should pay indemnification to other member countries of the WTO for non-observance of conditions of trade and leave the organization.

Long time was planned accession to WTO of Russia. After joining of China it remained the unique large power which is outside the limits of trading system.

Unlike Kyrgyzstan negotiations of Russia went very hard as, was considered that the Russian legislation isn't resulted yet in full conformity with norms of the WTO, it is offered to Russia to make for some months amendments to the legislation defining economic activities of the country. Between the parties there are serious disagreements, members of the WTO make very rigid demands. Along with traditional questions of a mode of trade, tariffs and subsidizings of agriculture by the most difficult have appeared problems of intellectual property right and activity of the state trade enterprises, the WTO persistently demands from the Russian Federation joining and to unessential agreements, so-called to "sectoral initiatives» (concerning the governmental purchases, harmonization of duties on the chemical goods, trade in civil aviatechnics, information technology).

Negotiations on joining of Russia to the WTO have been frozen in June 2009r., as at session of interstate council EvrAzEs in Moscow the prime minister of Russia Vladimir Putin

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¹²⁸ «The Marrakesh agreement of creation of World Trade Organization» // concluded to Marrakesh, 15.04.1994.

has made an official statement about the termination of individual negotiations on joining of Russia to the WTO. Simultaneously he declared that in negotiations on accession to WTO since January, 2010 Russia will participate in frameworks (on behalf of) the uniform Customs union of Russia, Belarus and Kazakhstan. It will allow both to access to WTO, and to keep the Customs union. In the WTO, according to the Contract on WTO creation (WTO Agreement) can enter both the countries, and separate customs territories (so, EU is a member of the WTO, as well as all countries separately, entering into its structure) (On a WTO, 2012). Russia tried to become a member of the organization within 18 years, and at last on December, 16th, 2011 became 154 country, in it entered.

In the Message to the people of Kazakhstan «Kazakhstan on a threshold of new jerk forward in the development: Strategy of occurrence of Kazakhstan in number of the most competitive countries of the world» from 01.03.2006r. The president of Republic of Kazakhstan Nursultan Nazarbaev has noticed that «Negotiating process under the introduction of Kazakhstan into the WTO goes at full speed. A considerable part of laws of republic which regulate the foreign trade mode, are already brought into accord with norms of the WTO or are on discussion in Parliament. It is convinced that the introduction of our country into this international economic organization opens ample opportunities for strengthening of competitiveness of Kazakhstan in the international markets» (The message, 2006).

The prompt introduction of Kazakhstan into the WTO on the conditions considering interests of Kazakhstan, is defined in the given Message as one of the main strategic interests of republic in foreign policy. Kazakhstan as the country with the market economy, headed for achievement of strong positions in the international community aspires to raise the foreign trade potential.

09.10.2014, Kazakhstan and the European Union officially announced the completion of negotiations on partnership and cooperation and solving bilateral issues on the road to membership to the WTO. The result of these blows was the signing of the "Agreement on the expanded partnership and cooperation between Kazakhstan and the EU".

European Union countries accounted for 50 percent of Kazakhstan's foreign trade and 50 percent of foreign direct investment, which came to our country and help its economy. Kazakhstan, in turn, has become the leading trade partner of a united Europe in Central Asia.

One of the key aspects of the new Agreement is modernized Shopping section, which takes into account the commitments undertaken in the framework of Kazakhstan's accession to the World Trade Organization, as well as adopted within the framework of the Customs Union and the Treaty on the Eurasian Economic Union.

WTO membership is considered as a major factor for increase of access of Kazakhstan production to the world markets, its competitiveness, development of domestic business, increase in volumes of investments and stabilization of economic growth. Now 135 member countries of the WTO are trading partners of Kazakhstan. It is natural that Kazakhstan will aspire and should aspire to settlement of the trade relations with these countries on conditions comprehensible and favourable to. Any of these countries can begin at any time under the relation of any goods imported from Kazakhstan, procedure of antidumping trial. The country any more faces the first year similar investigations and measures concerning the Kazakhstan export of a steel, production of nonferrous metallurgy, ferro-silicium, ferro-chrome, a titanic sponge, uranium highly enriched, etc. from the USA, EU, India, Mexico, Brazil, Colombia and Venezuela.

Process of the introduction of Republic of Kazakhstan in the WTO has begun on January, 26th, 1996 when Kazakhstan has submitted to Secretary of the WTO an official

statement about the introduction into this organization¹²⁹. In February of the same year to Kazakhstan the country-observer status in the WTO is appropriated. Simultaneously with it the Working group under the introduction of Kazakhstan into the WTO, into which structure has been created now 39 countries - the basic trading partners of republic (the USA, EU, Canada, Japan, Australia, Switzerland, China, Republic Korea, etc.) enter. With a view of coordination of process of the introduction into the organization in 1996 the Republic of Kazakhstan Governmental order had been created the Interdepartmental commission concerning the WTO (ICC). Now it is transformed in ICC concerning the customs-tariff policy and participation in the international economic organizations. Within the limits of process of the introduction of Kazakhstan in the WTO negotiations are conducted at multilateral and bilateral levels in four basic directions:

- 1. Negotiations on system questions;
- 2. Negotiations on agriculture questions;
- 3. Negotiations on access on a commodity market;
- 4. Negotiations on access on the market of services.

During multilateral negotiations pass the coordination such questions in the field of economic and a country commercial policy, as: norms and practice of regulation of pricing, state ownership and privatization, system of the taxation and application of taxes to the import goods, grants in separate economic sectors, in particular, in agriculture, a mode of foreign investments, system of a currency exchange and payments, import custom duties, including any available tariff preferences, custom charges, protective measures and other measures of protection of national manufacturers (antidumping and compensatory measures), import licensing, export regulation, the state trade enterprises, system of standardization and certification of the import goods, sanitary and fytosanitory measures, protection of intellectual property rights, etc. (Lomakin V.K., 2010).

Besides that Kazakhstan will be recognized by the country with the open market economy integrated into the world economy and world structures, promoting its development, it automatically receives in relations with all member countries of the organization a most favored nation treatment. In connection with the big involvement of our republic into world export of oil, oil products, natural gas, the electric power and coal for Kazakhstan the great value in the WTO will have a condition of conducting trade between participants of the WTO on not discrimination basis.

Accession to WTO will give to Kazakhstan a number of advantages in the field of licensing of export, standards, applications antidumping and countervailing duties and will promote as a whole to growth of the external economic activity of the state. Further from expansion owing to more effective competition in the market of assortment and quality of the goods and services, the Kazakhstan consumers should win decrease in their price. Reduction of prices will concern not only the ready import goods and services, but also domestic in which manufacture import components are used. At the same time there will be respective alterations in volumes and structure of consumption which will come nearer to standards of the developed countries. Increase of solvent demand will positively affect manufacture growth, to testify to improvement of economic and social situation of the population.

For manufacturers potential benefits will be connected with reception of the facilitated access to the world markets of the goods, services, the capitals, the international-recognized rights for protection of national economic interests in these markets. There will be a decrease in commercial risks - at the expense of an establishment of stabler mode of trade, and also reduction of transport expenses - owing to warranting of freedom of transit of the goods on

¹²⁹ Since January, 1996 the Republic of Kazakhstan has the status of the observer in the WTO.

territory of member countries of the WTO. All it, in general, will promote decrease in the cost price of Kazakhstan production.

Sharp rivalry between regional blocks leads to regular trading collisions. But the WTO became the tool thanks to which «trading wars» don't lead to the present military conflicts.

Without accession to WTO Kazakhstan it will be inevitable to be exposed any to economic discrimination. Sanctions, quotas, Jackson-broom amendment and the other measures infringing interests of Republic of Kazakhstan, will proceed, while we don't become the full participant of the international division of labor. But today Kazakhstan isn't to the full ready to open completely the market for stronger competitors.

Our industry, agriculture, financial sector need protectionist protection.

There is also an opinion that the domestic industry of Kazakhstan only will win from the introduction for following reasons: first, that the Kazakhstan industry is sated today by a considerable quantity of import accessories and consequently sustains losses from duties on imported production; secondly, a parity of the low price and bad quality which is shown by the domestic industry, any foreign firm as values the reputation can't offer.

For Kazakhstan the great value has a condition of conducting trade between participants of the WTO on not discrimination basis, in connection with the big involvement of our republic into world export of oil, oil products, natural gas, the electric power and coal. Accession to WTO will provide to us a most favored nation treatment with 160 countries-participants and will give a number of advantages in the field of licensing of export, standards, applications antidumping and countervailing duties and will promote as a whole to growth of the external economic activity of the state. Joining to the WTO is the integral step on a way of integration to the world community as the full participant of multilateral trading system and a conclusion of the legislation of republic to modern international level.

Creation of civilized conditions of a competition and transparent legal field will stimulate the general acceleration of structural reforms and will impulse for creation of competitive economy. It will be promoted by reduction of the national legislation (in particular, in sphere of the taxation, customs regulation, standardization and certification, regulation of sphere of the services, the competitive policy, intellectual property protection) in conformity with norms and WTO rules (Tynel A., 2014).

WTO membership essentially raises investment appeal of the country since one of main principles of this organization is the principle «transparency», i.e. a full disclosure of the country, a transparency of legislative base. It is natural that the foreigners assured of security of the investments, more willingly will put up the money in economy of the given country.

Prospects of an investment climate in connection with the introduction of Kazakhstan into the WTO will be positive. Inflow of foreign investments to national economy will increase owing to such factors, as the general improvement of image of the country, opennesses of economy of Kazakhstan, improvement of legislative base, increase of a transparency of investment procedures, simplification of access by home market of foreign financial institutions, stock market development. Investment streams, undoubtedly, will lead to domestic production development, will be a powerful source of updating of manufacture and economic growth of the country, promote industrial production modernization, export growth, attraction of new technologies and growth of workplaces, increase of a skill level of local experts. The accelerated development will be received by the branches which are letting out end production with high level a science-capacity and the added cost, high and average adaptability to manufacture. Growth of manufacture of such production can be supported only by an exit of Kazakhstan on a foreign market which compensates "narrowness" of home market and limitation of internal demand.

As a result of expansion of presence of high technologies, the goods, services and investments in home market, introductions of the international quality standards will be created favorable conditions for improvement of quality and competitiveness of national production. WTO membership will provide to Kazakhstan an exit in the unified international legal space which will create to all exporters and importers stable and predicted conditions of activity. Kazakhstan can really count on reception of the right of participation in working out of the norms regulating world trade, being guided by national interests. Besides, there will be an access possibility to the operative information in the external economic policy and to intentions of the governments of the countries-participants of the WTO that will allow to develop more effective trading and economic policy (Magazine, 2013).

The recognition of Kazakhstan the country with open market economy not only will raise image of the country, but also will allow Kazakhstan to receive automatically in relations with all members of the WTO a most favored nation treatment (MFNT).

It is possible to carry creation of the transparent and predicted internal legislative environment corresponding to the international standards, and assistance in attraction of the foreign investments, new technologies and a know-how to number of positive factors in manufacturing industry. Accession to WTO will allow to expand quantity and to improve quality of the goods offered for the consumer, will stimulate economic growth on the basis of trade expansion in the long-term plan. At settlement of disputes use of the mechanism of the WTO too is telling argument, it is especially actual for the small countries in their trading disputes with larger partner. And, at last, participation in a new round of multilateral trading negotiations on a wide range of questions, including by means of voting at decision-making which will define international trade rules on long-term prospect, gives the chance to Kazakhstan to advance the trading and economic interests (Abdymanapov S.A., 2006).

In the introduction of Kazakhstan into the WTO along with positive there are also negative sides.

Doesn't raise the doubts the fact that we have competitive sector only in the field of development of primary products of processing and extraction of natural resources. Other branches of our economy aren't to the full competitive yet, in particular it concerns agriculture and light industry. It is necessary to open home markets for foreigners and the state to lose such important levers of protection of home market as quoting and licensing. According to some experts, accession to WTO can turn back for Kazakhstan a complete liquidation of some branches of a national economy. Thus agriculture production most will suffer.

However, accession to WTO will give to republic a mode of favorable trade with 156 countries-participants of the organization. But Kazakhstan should carry out coordinated to the policy with the partners in EvrAzEs. Before joining to 56 basic agreements of the WTO the country will be exposed any to economic discrimination. Also from Kazakhstan decrease in level of custom duties with right loss in further demand them to raise. It is clear that it will be the strongest test for the budget of our country. According to the general agreement on trade in services, traffic walls approximately on 100 various types of service will be cancelled. In December, 1997 the agreement on liberalization of the market of the financial services 102 states became which participants also has been signed. This global market covers 38 bln. bank credits, 18 bln. dollars of securities and 2 bln. dollars of insurance contributions (Kupalov I.V., 2014). And we too will be compelled to remove all barriers in sphere of services, first of all the financial.

For Republic of Kazakhstan can't be considered fair if obligations on accession to WTO are based on reduction of level of the internal support rendered by the state to agrarian sector. Level of the governmental support of agricultural manufacturers in Kazakhstan considerably differs from developed in the developed countries. The countries of EU and Japan continue to protect the food markets from the American goods. The European Union

spends half of state budget for a grant to agriculture, including 7 bln. dollars on encouragement of agricultural export. In these conditions also it is necessary for Kazakhstan to achieve special measures of protection of internal manufacture of agriculture. But WTO requirements are that that if the country wants to apply similar measures, serious researches are necessary to prove that the damage will be caused to the manufacturer by import.

According to opponents of the WTO – this organization supports interests only transnational corporations. The USA are used actively by intermediary of the WTO for protection of the interests. From 24 cases when Washington addressed for the help to the WTO, in 22 this organization supported the American position. The United States have got support of the WTO and in a question of genetically changed products. The USA also intend to achieve an establishment of universal standards in sphere of labor relations.

The number of priorities of the USA includes also the world agreement about transparency in the state purchases. This market is absorbed annually over 3 bln. dollars Under the pretext of fight against corruption by the American administration aspires to provide access on this market.

Concerning negative sides, also it is possible to assume that short-term losses which bear again entering countries at reduction of tariffs, will be with interest compensated by long-term incomes of occurrence in the world market. The WTO gives us only rules of trade and the favorable environment, i.e. possibilities and as the separate country will develop the export are given, depends on it. If the government conducts the competent policy and resources there will be also an export increase will be effectively used. Kazakhstan possesses all necessary to become in the XXI-st century among leaders of world development. Huge natural resources, the scientific potential, the qualified labor - all it can make us quite competitive in global economy.

Also it is necessary to tell that for today in the WTO voices of the advanced countries, such as the USA, Japan and EU which carry on negotiations for the purpose of reception of the greatest benefit prevail. Coordination of a trunk-call policy of the accessing to WTO CIS countries can change a situation. Having created such general policy, probably, it will be possible to achieve any best conditions on the introduction, additional privileges in this organization and etc.

Harmonization of legislatively-standard base and trading practice of the CIS countries with norms of the WTO is necessary, since it will promote simultaneously to their rapprochement and development of mutually advantageous trade. Observance of uniform approaches and rules in such spheres as standards, sanitary-fytosanitory measures, application of grants and the state support, definition of country of origin, licensing, realization of the state purchases and etc., will allow to develop both international trade as a whole, and trade between the CIS countries.

Conclusion

Summing up, it would be desirable to tell that joining of Kazakhstan to the WTO is a question both external, and internal policy.

First, the WTO role in world economy is global enough and it is impossible to underestimate it. Otherwise it is possible to lose in the foreign trade struggle for the buyer, i.e. not to sustain tariff aggression of member countries of the WTO.

Secondly, to make the decision under the WTO introduction, it is necessary to analyze experience of the countries which already are members of this organization. It is necessary both positive, and negative experience as, considering errors and the successful moments, it is possible to find so-called "golden mean" in construction of a foreign trade policy of this or that state, in particular Kazakhstan.

Thirdly, that in the last some years foreign trade of Kazakhstan grows big enough rates though hesitates, depends on a competent management of economy. The government is stabler, the also all other spheres of a society is better develop.

Fourthly, full modernization of all spheres of economy is necessary. The purpose – easier adaptation to norms of the WTO.

Fifthly, in the decision of a question of the introduction correlation of this step with the strategic problems standing in economic sphere, - increases of its competitiveness of the Kazakhstan economy and stability to external influences is key.

Sixthly, first of all, it is necessary to create such conditions and organizational mechanisms which will allow to increase effect and to lower the losses connected with joining.

Further, it is necessary to overcome all barriers which face our economy on a way of its development and including developments within the limits of the WTO.

Thus, it is possible to tell that by means of this work it would be desirable to prove - exist not only opportunities which are born in itself by WTO mission, but also negative which can is destructive to affect economy of any country.

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