

Analysis of Trade and Industrial Relations between Border Regions of Russia and Kazakhstan: Impact of the Customs Union and Common Economic Space

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INTRODUCTION

Transport control on the border between Russia and Belarus was cancelled from April 1, 2011. Customs control on internal borders of Belarus, Russia and Kazakhstan was cancelled from July 01, 2011. It was moved to the outer contour of the Customs Union (CU). From that time onward, the single customs territory regime became fully operational. Thus, many years of efforts to create the Customs Union have led to a success.

The operation of the Customs Union and single customs territory provided favourable conditions for the development of trade and industrial relations between border regions of Russia and Kazakhstan. First, this has considerably simplified the international trade regime both between the two countries (Russia and Kazakhstan) and with third countries. Russian and Kazakh businesses will now enjoy higher accessibility both to each other's and Belarus markets, and markets outside the CU. Second, cargo and passenger transportations became faster. Third, there are new opportunities for the development of diversified cooperation relations between Russian and Kazakh businesses (joint production, growth of supplies of raw materials, components and finished goods). Fourth, there is a favourable environment for cooperative operation, modernization and building up capacity of power engineering and transport infrastructures connecting the two countries. Fifth, there are important prerequisites for the improvement of the business climate and investment attractiveness of the border regions of Russia and Kazakhstan which are regarded as the main area for deepening integration processes between the two countries.

This report is intended to analyze the effects of the Customs Union on economic interactions and production cooperation between border regions of the Russian Federation and the Republic of Kazakhstan. The Report is based on a research undertaken in 2012 by ICSEER Leontief Centre in cooperation with the Centre for Integration Studies of the Eurasian Development Bank (EDB) and the Institute for Comparative Social Studies (CESSI-Kazakhstan).

1. TRADE EFFECTS OF THE CU

1.1 Dynamics of mutual trade between Russia and Kazakhstan

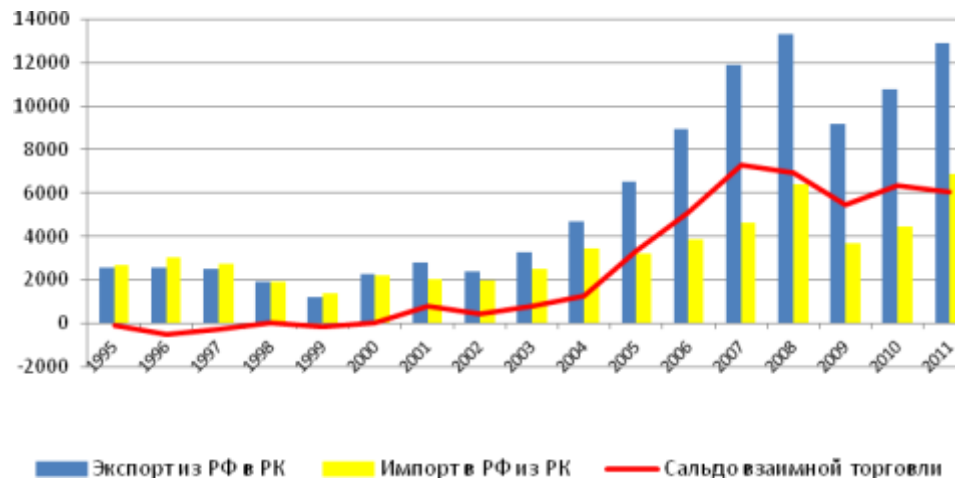
Mutual trade between Russia and Kazakhstan¹ has been developing rather dynamically since the late 1990s when efforts began to be made to overcome the downturn caused by the 1998 financial crisis. The value of mutual trade was growing rapidly through 2009 which was marked by a decline that was to a great extent due to a drop in dollar prices. The progressive trend of mutual trade continued in 2010 to closely approach the record level of 2008 in 2011.

¹ Due to the cancellation of customs clearance of goods on the Russia-Kazakhstan border on July 1, 2010, the data on exports and imports of Russia and Kazakhstan for Q2 of 2010 and for 2011 do not take into account mutual trade; therefore strictly speaking, the 2010 and 2011 data are not comparable with each other and with the data for the previous periods.

Approximately since 2000, a specific feature of bilateral trade between Russia and Kazakhstan has been the positive trade balance for Russia and negative trade balance for Kazakhstan: the value of Russian exports to Kazakhstan has been consistently exceeding the value of imports from Kazakhstan, and the imbalance in favour of Russia, partially due to the scale of its economy, has increased significantly in the last decade. In recent years, the value of Russian exports to Kazakhstan has been more than 2 times the value of imports from the neighbour country. 2011 saw a minor decrease in the positive imbalance in favour of Russia (see Figure 1).

Figure 1.

Mutual Trade between Russia and Kazakhstan, USD mln



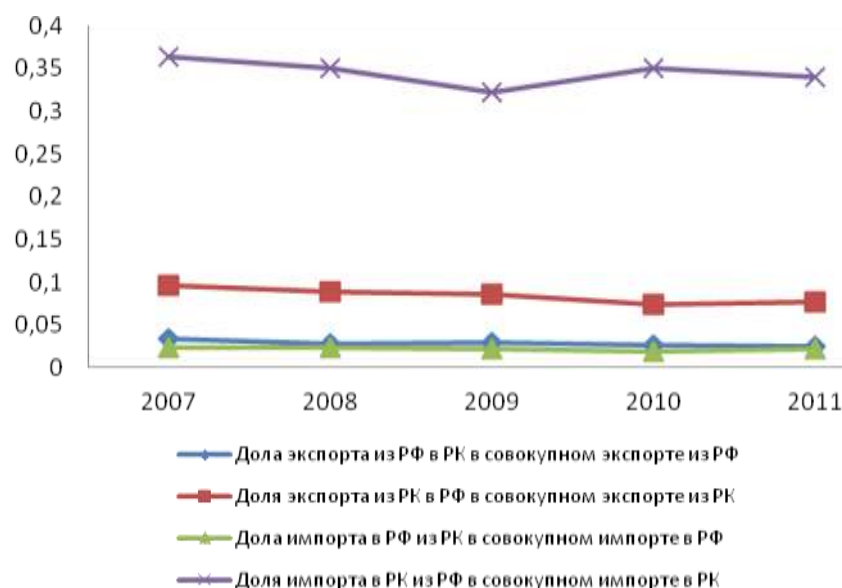
Exports from Russia to Kazakhstan * Imports from Kazakhstan to Russia * Mutual trade balance

Source: Data of the Federal State Statistics Service of the Russian Federation.

At the same time, despite the growing absolute indicators of mutual trade, relative figures have been rather stable for both countries over a few years. This is true about the share of exports to Kazakhstan in total Russian exports, the share of exports to Russia in total Kazakh exports, the share of Kazakhstan in total Russian imports and the share of Russia in total Kazakh imports (see Figure 2), which can suggest an increased degree of diversification of foreign trade by country, both in Russia and in Kazakhstan.

Figure 2.

Effects of mutual trade for Russia and Kazakhstan, %



Share of exports from Russia to Kazakhstan in total Russian exports

Share of exports from Kazakhstan to Russia in total Kazakh exports

Share of imports from Russia to Kazakhstan in total Russian imports

Share of imports from Kazakhstan to Russia in total Kazakh imports

Source: Data of the Federal State Statistics Service of the Russian Federation and the Statistics Agency of the Republic of Kazakhstan

Table 1 shows data on mutual trade between Russia and Kazakhstan in Q1 of 2012. It should be noted here that data for Russia-Kazakhstan trade published by the Committee for Customs Control of the Ministry of Finance of the Republic of Kazakhstan, the Statistics Agency of the Republic of Kazakhstan and the Federal State Statistics Service of the Russian Federation differ significantly, showing different trends.

To a large extent, this is due to differences in accounting techniques used for customs statistics and balance of payments statistics. Moreover, a review of customs data should take into account that the first quarter of bilateral trade between Russia and Kazakhstan is usually quite unsuccessful (especially in terms of exports); therefore statistics for Q1 of 2012 are not very impressive and do not fairly reflect the status of bilateral trade.

Table 1.

Mutual trade between Russia and Kazakhstan in Q1 of 2012 against Q1 of 2011 (USD mln)

Indicator	January – March 2012	January – March 2011	Growth rates, %
Kazakh exports to Russia (Russian imports from Kazakhstan)	1525	2137	71.4
Kazakh imports from Russia (Russian exports to Kazakhstan)	3515	3135	112.1
Mutual trade turnover between Russia and Kazakhstan	5040 (4712*)	5272 (4425*)	95.6 (106.5*)

Source: Data of the Committee for Customs Control of the Ministry Finance of the Republic of Kazakhstan;

*Data of the Federal State Statistics Services of the Russian Federation.

1.2 Specific aspects of foreign trade between border regions of Russia and Kazakhstan

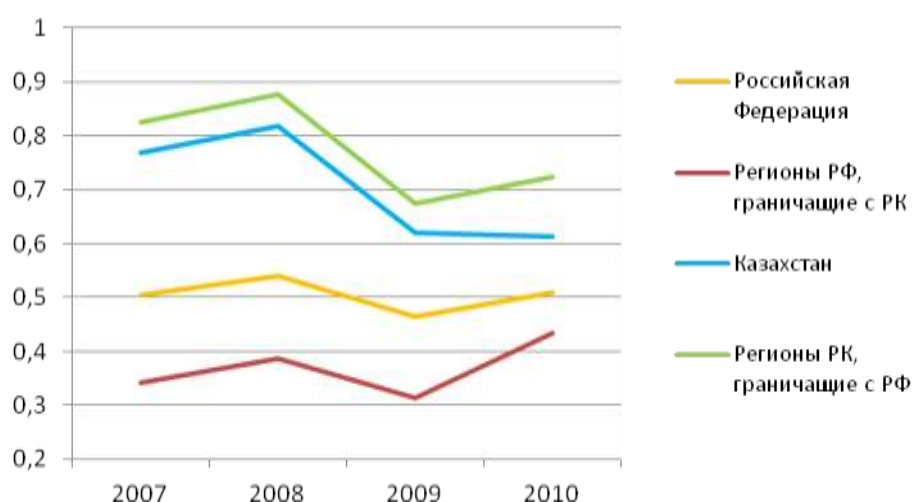
Total foreign trade turnover of the Russian regions bordering Kazakhstan (Russian border area) is comparable with that of Kazakhstan in absolute terms. At the same time, although total foreign trade turnover of the Kazakh regions bordering Russia (Kazakh border area) is predictably lower than that of the Russian border regions, the difference between these indicators for the border regions from both sides of the border is notably less than the difference between foreign trade turnovers of the two countries.

This is due to the fact that the role of the Kazakh regions bordering Russia in foreign trade of Kazakhstan is notably higher than that of the Russian border regions in foreign trade of Russia. Moreover, while the share of the Russian regions bordering Kazakhstan in Russian foreign trade turnover has been relatively stable in the recent years, fluctuating within the range of 14–15% (12% in 2011), the corresponding indicator for Kazakhstan has increased from about 40% in 2007 to almost 47% in 2010 (showing a decline to 41% in 2011 due to fluctuations in trends in the global oil and mineral resources markets). For Kazakhstan, its regions bordering Russia are really a kind of "window to Russia, the Common Economic Space (CES) and the West", while the role of trade (including transit trade) between the Russian border regions and Kazakhstan in Russian foreign trade is rather secondary. However, this is due to the fact that the key foreign trade partners of Russia are in the West and not in the South or East.

A higher focus of the Kazakh border area on foreign trade as compared with the Russian border regions (as well as that of Kazakhstan against Russia) is also seen in the respective ratio of foreign trade turnover to GDP/GRP. Moreover, importance of foreign trade is higher for the Kazakh border area than for the country as a whole, while it is lower for the Russian border area (see Figure 3).

Figure 3.

Foreign trade turnover, % to GDP/GRP in Russia, Kazakhstan and border regions



Russia

Russian regions bordering Kazakhstan

Kazakhstan

Kazakh regions bordering Russia

Source: Data of the Federal State Statistics Service of the Russian Federation, territorial bodies of the Federal State Statistics Service of the Russian Federation, the Statistics Agency of the Republic of Kazakhstan, the Committee for Customs Control of the Ministry of Finance of the Republic of Kazakhstan

As for the regional structure of exports in the border regions of Russia and Kazakhstan, it should be noted that both the former and the latter have one (or two at a stretch in the case of Kazakhstan) key export region. In the Russian border area, it is Tyumen Region which accounts for more than one half of total exports of the border regions. For the Kazakh border area, it is Atyrau Region which accounts for almost two thirds of total exports of the border regions and, to a much lesser degree, Aktyubinsk Region. Both for Tyumen Region and Atyrau and Aktyubinsk Regions, such a weight in exports is primarily due to the production and refinement of oil, gas and other mineral resources and availability of transport and logistics infrastructure in these areas. It should be also noted that foreign trade is comparatively more important in the economy of the border regions of Kazakhstan than in the economy of the border regions of Russia in terms of the respective ratios of foreign trade turnover to GDP/GRP.

The Russian and Kazakh border regions have similar export patterns on the one hand (dominated by fuel and energy products/mineral resources and commodities), and import patterns on the other.

Many functional relationships between businesses in the border areas have survived since the Soviet times and exist in the fuel and energy sector and metallurgy, which is in line with the export and import patterns of the border regions. Excluding products of fuel and energy and metallurgy, exports of the Russian border area are dominated by chemicals, machinery and equipment, while those of the Kazakh border area are dominated by chemicals and food products (grain).

When assessing the potential for the development of trade relations in the Russian and Kazakh border areas, we should take into account the following:

A) apart from the Kazakh border area, there are other regions in the Republic of Kazakhstan that are attractive for Russian business. These are in particular Alma-Aty and Astana. These markets have demand for highly processed goods, electronics, household appliances, medicines and cosmetics.

B) small and medium-sized wholesale and retail businesses need a different type of infrastructure, such as roads, passages and related services. At the same time, large businesses selling raw materials mainly use railways and pipelines. Therefore a diversified policy is needed to support business on both sides of the long frontier between the two countries.

2. STRUCTURAL EFFECTS OF THE CU

As a result of creation of a new business environment and conditions for interactions between different businesses, both countries should see structural effects that manifest themselves in the use of workforce, production and infrastructural cooperation and mutual investments. This section will discuss the manifestation of these effects in the context of national economies, in the Russian-Kazakh border area, in each border area from both sides, and in each region of the border area in Russia and Kazakhstan.

2.1 Dynamics of population and migration flows

Structural effects manifest themselves in the use of workforce, which is marked by migration. Therefore it is reasonable to take a closer look at migration trends in both countries and in their border areas.

The intensity of migration processes between the countries goes down. This is typical both for emigration to and immigration from Russia. Emigration from Kazakhstan to Russia declined much faster than that from Russia to Kazakhstan. Thus, in the period between 2000 and 2010, emigration from Kazakhstan to Russia declined 4.1 times, while emigration from Russia to Kazakhstan decreased 2.8 times. This led to a significant reduction in the percentage of immigrants from Kazakhstan to Russia in the total number of immigrants to Russia from other countries from 35% in 2000 to 15% in 2010. At the same time, the percentage of immigrants from Russia to Kazakhstan in the total number of immigrants to Kazakhstan from other countries, on the contrary, increased from 12% in 2000 to 21% in 2010.

In this context, the intensity of migration between the border areas of Russia and Kazakhstan remains at the same level. The number of migrants coming to the Russian border area from Kazakhstan is much higher than those leaving it. For a long time, Astrakhan Region was an exception to this rule, but in 2011, the number of immigrants from Kazakhstan to this region exceeded the number of those leaving for Kazakhstan. In 2007-2011, the immigration exceeded emigration by 38%. Moreover, the number of immigrants to Kazakhstan from these regions tends to go down. Thus, in the period between 2007 and 2011, their number decreased by 78.2%.

2.2 Dynamics of amount and structure of gross regional product (GRP) in border regions of Russia and Kazakhstan

Aggregate gross product of the Russian-Kazakh border area is dominated by production of mineral resources (28%), followed by other sectors (21%), manufacturing (15%), transport, communications and trade (10% each).

The percentage of gross regional product of Kazakh regions in the aggregate gross product of the Russian-Kazakh border areas was significantly lower than that of GRP of Russian regions. However, in 2007-2010, their percentage in gross product of the border area was consistently growing to reach 20% in 2010.

Due to the economic downturn, in 2009, aggregate gross product of the border area decreased almost by one fourth. It should be noted that GRP of the Kazakh border regions decreased less than that of the Russian border regions.

More than 30% of aggregate gross product of the border area is accounted for by Tyumen Region, and more than 60% of aggregate gross product of the border area is accounted for by Tyumen, Chelyabinsk, Samara, Orenburg, Omsk, Novosibirsk and Atyrau Regions.

In the period between 2007 and 2010, the percentage of the Kazakh border regions in GDP of Kazakhstan increased, while that of Russian border regions in Russian GDP slightly decreased. Thus, GRP of the border regions of Kazakhstan in its GDP increased from 37% to 40%, and the percentage of GRP of the border regions in Russian GDP decreased from 21% to 20%.

2.3 Dynamics of mutual investments

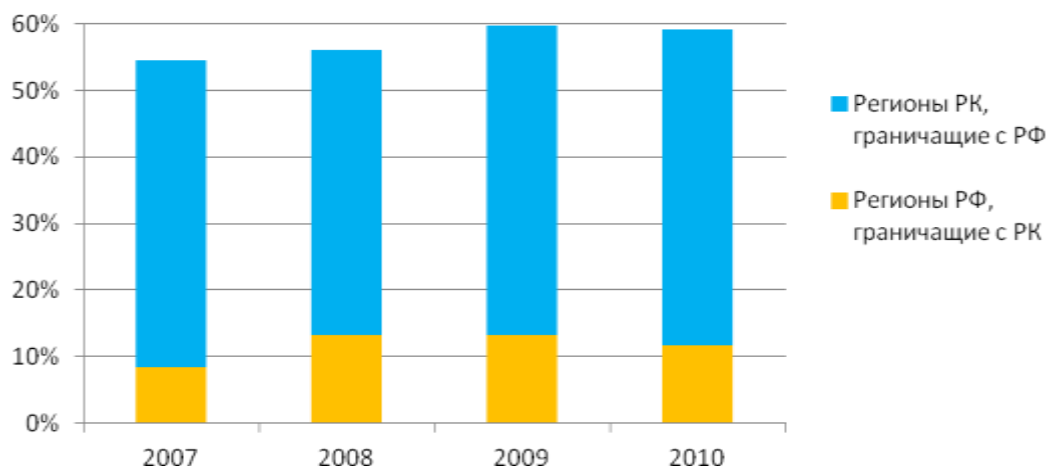
In 2000-2011, investments from Russia to Kazakhstan and from Kazakhstan to Russia grew. Thus, in the period in question, investments from Kazakhstan to the Russian economy increased 427.7 times, and those from Russia to the Kazakh economy increased 557.8 times. What draws

attention here is that investments from Kazakhstan to the Russian economy have always exceeded those from Russia to the Kazakh economy. However, this gap decreased from 63.1% in 2000 to 25.1% in 2011.

Investments in fixed capital of entities with foreign participation in the Russian border regions were significantly lower than in other regions of Russia. In the border regions of Kazakhstan, investments of such entities accounted for about 60% of total investments to the national economy (see Figure 4).

Figure 4.

Investments in fixed capital of entities with foreign participation (percentage of each border area in total national figures)



Regions of Kazakhstan bordering Russia

Regions of Russia bordering Kazakhstan

Source: Data of the Federal State Statistics Service of the Russian Federation and the Statistics Agency of the Republic of Kazakhstan

In 2007-2010, the economy of Atyrau Region was the absolute champion in terms of attracting investments of entities with foreign participation among regions of the Russian-Kazakh border area (about 40%). The second place was taken by Aktyubinsk Region, followed by Pavlodar, Kostanay and Chelyabinsk Regions. Tyumen Region was at the bottom of the list of the leading regions in terms of percentage of total investments of entities with foreign participation to the economy of border regions.

The percentage of companies with Kazakh participation operating in the border regions of Russia in the total number of companies with Kazakh participation operating in the Russian economy is growing, from 30.8% in 2000 to 60.4% in 2010.

3 INSTITUTIONAL EFFECTS OF THE CU

Institutional effects may appear on the basis of conditions and opportunities arising from the enactment of a number of legal regulations, agreements and establishment of supranational and inter-country bodies for interaction and cooperation. Institutional effects will be driven by both further development of conditions caused by these efforts and regulations and by enhanced competitiveness of the economies of the CU member countries and border regions, levelling out of their development indicators, and implementation of programs and other budgetary initiatives for the development of cross-border cooperation. We should distinguish between short-term and long-term effects, with the latter manifesting themselves in economic recovery on both sides of the border and the former in levelling out of socio-economic development indicators. Dynamics of growth and level of prices and dynamics of household income and wages serve as indicators

of the manifestation of institutional effects. It should also be taken into account, that to obtain more representative results for institutional effects we will have to use a longer analysis period. In the border area, the period of initial levelling of prices (in particular for gasoline) is about to complete and economic growth is still influenced by the conditions caused by the global crisis.

3.1 Comparative dynamics of inflation rates and level of prices

In 2007-2011, inflation rates in the border regions of Russia and Kazakhstan were levelling out.

It would be reasonable to study changes in the level of prices for the most socially significant goods (electric power, gasoline, beef, flour and milk). We paid special attention to changes in the level of prices for electric power and gasoline.

In the period in question, prices for *electric power* increased and became more differentiated in the border regions of Russia and Kazakhstan.

In 2007-2011, the level of prices for *AI-95 gasoline* increased and levelled out in all of the border regions of Russia and Kazakhstan.

The analysis has shown that, except for prices for gasoline, the level of prices for the majority of goods did not level out between the Russian and Kazakh border regions. Differentiation of prices for all the products in question between the Russian border regions (except for gasoline) was higher than that between the Kazakh border regions.

3.2. Comparative dynamics of per capita money income

Per capita money income was significantly lower in the Kazakh border regions (excluding Atyrau Region) than in the Russian border regions. At the same time, per capita money income in the overwhelming majority of the Russian border regions (excluding Tyumen and Chelyabinsk Regions) was below the average Russian level.

Average money income in Atyrau Region exceeded not only that of the Kazakh border regions, but also the average Russian per capita money income.

Comparison of income and wages in the border regions of Russia and Kazakhstan (excluding Atyrau Region) shows a much larger difference in the level of income than in the level of wages.

4. TESTING A HYPOTHESIS OF A FUNCTIONAL MACRO-REGION IN THE RUSSIAN-KAZAKH BORDER AREA

Given all the above, it is reasonable to test a hypothesis of the existence of established functional relations in the border area based on testing for whether or not there is geographical concentration of economic activity, because the former is related to the latter from the perspective of the economic and geographical models.

We can speak about the existence of a functional macro-region if there is considerable concentration (agglomeration) of economic activity, because in this case, relations between its individual constituent regions are either substantial relative to the scale of their economies, or caused by geographical proximity.

Comparable macroeconomic data for regions of Russia and Kazakhstan are only available for the first years after the collapse of the USSR. It is undisputable that the existing transport and other infrastructure, the settlement system and geographical distribution of production in Russia and Kazakhstan were established in the Soviet times and did not change significantly in the last years.

Since the available time series are relatively short, we cannot use the Granger causality test to justify the assumption of a causal relationship in one direction or another.

Due to the above, it seems that correlation analysis (to determine whether or not there are statistically significant relationships between variables) will be a good tool for testing the hypothesis in question, since it does not provide any functional dependence between variables.

It should be noted that studies on quantitative assessment of concentration (agglomeration) of economic activity in a region (country) usually assess the degree of concentration in the region (country) as a whole. The nature of the subject of this statistical analysis is essentially different and has no known analogues in the existing literature. It aims to find out whether or not there is concentration of economic activity around a core(s) of the *macro-region* in question. To assess the correlation between GRPs of individual regions of the Russian-Kazakh border area and the aggregate GRP of neighbouring regions, we used Spearman's rank correlation coefficient.

In our case, the use of this coefficient (instead of, for instance, the Pearson correlation coefficient) is justified by the following: first, there are a limited number of observations (due to a small number of regions) which is not enough to ensure statistical significance of conclusions from the calculation of the Pearson coefficient, but is sufficient if Spearman's coefficient is used; and second, there is a large spread in values and different scales of GRP of an individual region on the one hand, and aggregate GRP of neighbouring regions on the other, which is offset in Spearman's coefficient calculated using ranks rather than absolute values of variables to be compared.

The input data for the calculation of Spearman's coefficient include the amount of GRP in 2010 (the latest available data at the time of analysis) for 12 Russian and 7 Kazakh border regions and the amount of GRP of their neighbouring regions in Russia (17 regions) and Kazakhstan (5 regions).

These data are used to calculate Spearman's rank correlation coefficient for the following pairs of variables:

1. GRP of one of 19 regions of the Russian-Kazakh border area and aggregate GRP of all adjacent regions regardless of the country;
2. GRP of one of 19 regions of the Russian-Kazakh border area and aggregate GRP of all adjacent regions in Russia;
3. GRP of one of 19 regions of the Russian-Kazakh border area and aggregate GRP of all adjacent regions in Kazakhstan;
4. GRP of one of 12 regions of Russia bordering Kazakhstan and aggregate GRP of all adjacent regions regardless of the country;
5. GRP of one of 7 regions of Kazakhstan bordering Russia and aggregate GRP of all adjacent regions regardless of the country;
6. GRP of one of 12 regions of Russia bordering Kazakhstan and aggregate GRP of all adjacent regions in Kazakhstan;
7. GRP of one of 7 regions of Kazakhstan bordering Russia and aggregate GRP of all adjacent regions in Russia;
8. GRP of one of 12 regions of Russia bordering Kazakhstan and aggregate GRP of all adjacent regions in Russia;
9. GRP of one of 7 regions of Kazakhstan bordering Russia and aggregate GRP of all adjacent regions in Kazakhstan.

Based on the results of the correlation analysis in the time period in question, there is no positive statistically significant correlation between the level of GRP of an individual region and

aggregate GRP of a sample of its neighbouring regions. This means that we cannot speak about the existence of a functional macro-region in the Russian-Kazakh border area, because the geographical proximity of these regions is not accompanied by geographical concentration (agglomeration) of economic activity around the key regions inside the macro-region, which is especially relevant for the Kazakh border area.

The only pair with statistically significant (however with the error probability of up to 20%) positive correlation is "GRP of one of 12 regions of Russia bordering Kazakhstan and aggregate GRP of all adjacent regions in Russia". This may suggest that concentration (agglomeration) of economic activity around the key centres is available on the Russian side of the border, but in the time period in question, it involves only Russian regions (12 border regions + 17 neighbouring Russian regions).

CONCLUSION AND RECOMMENDATIONS FOR INCREASING THE POSITIVE EFFECT OF THE CU AND CES ON THE DEVELOPMENT OF INTEGRATION IN THE BORDER REGIONS

In the initial period of its existence, the Customs Union showed positive changes in the scope of foreign economic activities of Russia and Kazakhstan, but considerable trade and structural effects in the border area of Russia and Kazakhstan are still to manifest themselves to a fuller extent.

This is due to:

- a) a short period of observation of these effects;
- b) the established trade and production relations and trade flows in the border area;
- c) the homogeneity of the economies of border regions and larger distances between them along with a low degree of connectivity and development of transport network in the border regions.

Companies in the border regions of Russia and Kazakhstan mainly engage in foreign trade transactions with third countries and not with each other (especially in exports), except for supplying Russian oil to Kazakh refineries and Kazakh oil to Russian refineries. Economically, Russia dominates in the CES, and the single market and the common customs space cannot fundamentally change the competitive situation between businesses in the emerging common economic space in an instant.

Moreover, it should be kept in mind that formal liberalization of commercial and economic cooperation was quite high even before the establishment of the Customs Union. Therefore, in the short run, we should not expect any radical change in the mutual access of the CES member countries to each other's markets.

Therefore, what is necessary to make cooperation between Russia and Kazakhstan more intensive is more active cross-border cooperation and a proactive, goal-oriented policy for the integration of the border regions at all levels of governance: the Eurasian Economic Commission (EEC), governments of the two countries, regional and municipal authorities and business community.

This also includes the expansion concept for Eurasian regions which will be naturally based on the integration processes in Eurasia, first of all in the CES.

To intensify trade relations and production cooperation, the following will be advisable:

1. General economic recommendations:

- Remove the existing restrictions for access to national markets and pursue gradual, balanced liberalization of currency and financial policies of the CES countries.
- Coordinate and agree upon macroeconomic, tax, monetary, commercial and customs tariff policies.
- Harmonize national regimes of the CU member countries by unifying national regimes or by stipulating standards in agreements between the CES and supranational regulators.
- Create common transport, power and information systems for closer cooperation between manufacturers in CES countries.
- Reduce administrative barriers in natural monopoly sectors, including with respect to provision of services and access to the infrastructure, in particular Russian infrastructure (pipelines, railways).
- Develop uniform principles and rules of competition in the CES, including an agreement on uniform principles and rules of competition, on uniform rules for industrial subsidies, on state support of agriculture, and on public procurement.

2. Recommendations on creating conditions for the development of functional regions

- Create conditions for investments to promote an increased degree of raw material processing (extend added value chains, especially in Kazakhstan) and facilitate transmitting growth impulses from the mineral resources sector and initial processing of raw materials to manufacturing and services sector to give an impetus to the development of functional regions in the Russian-Kazakh border area.
- Promote decentralization of decision making processes for the development of functional regions.
- Coordinate investments with the implementation of infrastructure projects, which can significantly increase their effects. In the Eurasian Economic Community, it is necessary to establish a structural fund to implement infrastructure projects. European experience shows that structural funds can play an important role not only for reducing income inequality, but also for construction and upgrade of cross-regional infrastructure (roads, railways, power transmission lines, port facilities). The creation of a Structural Fund by CES member countries will invite the CIS countries to deepen regional integration. It is possible to consider involving other countries of the region in the CES Structural Fund, first of all candidates to the Common Economic Space (Centre for Integration Studies of EDB, 2012). Selection criteria should include the assessment of expected potential environmental impact of the project.
- Pay more attention to projects aimed at intensifying transport communications in the border areas and developing local road infrastructure facilities in order to promote socio-economic development in the neighbouring regions. Of special interest is experience of certain European regions in protection of water resources.
- Develop requirements for project selection, co-financing by regional and municipal authorities, openness and transparency of decision making processes.
- Ensure decentralization of proposals to the Structural Fund from regional and municipal authorities of the border countries, and mutual coordination of policies and programs for socio-economic development between them.

3. Recommendations on improving the statistical base

- Ensure the quality and scope of statistical data. Relevant information is necessary for review, assessment and decision making on the regulation of trade and industrial relations in the Russian-Kazakh border area. Researchers studying integration processes currently face information problems. All this significantly complicates analysis of processes taking place in the Russian-Kazakh border area and thus impairs the quality of managerial decisions. Therefore it is necessary to improve the quality and scope of statistical information about trade, production and migration relations between the border regions of Russia and Kazakhstan.

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