International Journal of Psychosocial Rehabilitation, Vol. 24, Issue 02, 2020
ISSN: 1475-7192

Contemporary Trends in International Economic Integration: Challenges and Prospects

Nurislom Tukhliev[1], Ravshan Abdullayev[2], Gulyamova Gulnora[3], Nilufar Batirova[4], Jiyanov Uktam[5]

Abstract— *In the second half of the 20th century, the system of international economic relations widely studied regional and international economic integration processes and their trade, capital and migration relations. However, as a result of disintegration processes in the system of international economic relations in the 21st century, disintegration processes in the European Union and North America have begun to be widely investigated.*

This article also examines the integration and disintegration processes in the global economy and highlights the urgency of the topic.

The study analyzes the stages of EU integration and the causes that led to the disintegration, the peculiarities of the integration processes in North America, and their impact on the integration of Central Asian countries.

Keywords— *integration, disintegration, EU, trade, capital, labor force, GDP, Brexit, international economic integration, NAFTA.*

I. INTRODUCTION

By the 1950s, new theories began to be explored, analyzed, and predicted in the international economic processes, that is, the integration processes between countries in trade, capital and labor migration, aimed at removing trade barriers between countries.

In particular, the creation of the Coal and Steel Association, and later the European Economic Community in 1957, contributed to a broader study of this topic in theory and practice.

In the 1950s and 2000s, international economic integration, its creation, its causes and the factors influencing it have been extensively studied, and since the 2000s, theories and practices in such areas have been widely studied, including those related to the European Union and Brexit.

[1] *Nurislom Tukhliev, Doctor of Economics Professor at International islamic academy of Uzbekistan, Department "Islamic economy and finance, ziyarah tourism", n.tuxliev@iiau.uz , Uzbekistan*
[2] *Ravshan Abdullayev Doctor of Economics, Professor at International islamic academy of Uzbekistan Department "Islamic economy and finance, ziyarah tourism" r.abdullaev@iiau.uz , Uzbekistan*
[3] *Gulyamova Gulnora Phd in economics, Senior lecturer at International islamic academy of Uzbekistan, Department "Islamic economy and finance, ziyarah tourism", g.gulyamova@iiau.uz, Uzbekistan*
[4] *Nilufar Batirova Senior lecturer at International islamic academy of Uzbekistan, Department "Islamic economy and finance, ziyarah tourism", n.batirova@iiau.uz, Uzbekistan*
[5] *Jiyanov Uktam Lecturer at International islamic academy of Uzbekistan, Department "Islamic economy and finance, ziyarah tourism", o.jiyanov@iiau.uz, Uzbekistan*

DOI: 10.37200/IJPR/V24I2/PR200336
Received: 16 Dec 2019 | Revised: 02 Jan 2020 | Accepted: 15 Jan 2020

The following problems in the modern international economic integration processes require their study and forecasting of future integration of the world:

- Disinfection processes in NAFTA and the main problems with them;
- the situation with integration and disintegration in the European Union;
- Factors that impede the economic integration of Central Asian countries.

II. RESEARCH METHODOLOGY

The topic is comprehensive and widely used in its research and analysis methods of induction, deduction, scientific abstraction, analysis, synthesis and comparative analysis.

III. DETERMINATION OF THE SUBJECT

International scientists who studied the stages and directions of international economic integration B. Balassa [1 & 2 & 3, Balassa], P. Krugman [4, Krugman], Yu. Shishkov [5 & 6, Shishkov], S. Huntington [7, Huntington], A. Urunov [8, Urunov], V. Roepke [9, Roepke], S. Harris [10, Harris], O.Misko [11, Misko], G.G.Nazarova [12, Nazarova & Kurbaniyazov], N. Sirojiddinov [13, Sirajiddinov] , its role in the economy of the countries, and the development of integration processes in the world economy.

The notion of international economic integration was first introduced in 1942 by the famous American economist F.Mahlup, which means "to join together", to "join" [14, Machlup].

Balassa's work "Theory of economic integration" shows five aspects of economic integration: free trade zone, customs union, common market, economic union and full economic integration. This typology was defined by the liberalization of various national companies.

Yu. Shishkov understands that international economic integration means free movement of goods, services, capital and labor beyond the national economy.

We can see from the scientists of our country that in the scientific works of N. Sirojiddinov, "Uzbekistan's accession to the CIS Free Trade Zone is the most favorable economic policy at present".

Despite the considerable amount of research related to the processes of international economic integration, the importance of international economic integration in the development of entrepreneurship in Uzbekistan has not been thoroughly studied in theoretical, methodological and practical terms. Therefore, a new scientific approach to the problem is required within the framework of this research.

IV. ANALYSIS AND RESULTS

The process of development of Western European economic integration can be divided into 4 stages.
Stage 1 (1948-1966) free trade zone. In search of improving the efficiency of national production, 6 countries of Western Europe (Germany, France, Belgium, Italy, the Netherlands and Luxembourg) decided to unite. The Paris Treaty on the Establishment of the European Coal and Steel Association (EUSC) in April 1951 should be considered the starting point for this. All duties and quantitative restrictions on imports and exports were abolished. In 1957, 6 countries signed the Rome Treaty establishing the European Economic Community (EEC). The objectives of the EEC were proclaimed: the removal of trade restrictions between member countries; the establishment of a single common tariff in trade with third countries; ensuring the free movement of capital and

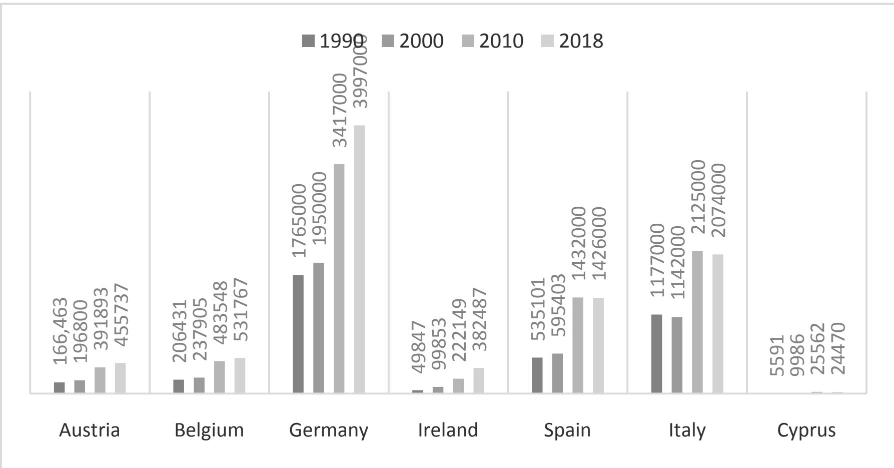
DOI: 10.37200/IJPR/V24I2/PR200336
Received: 16 Dec 2019 | Revised: 02 Jan 2020 | Accepted: 15 Jan 2020

labor; coordination and implementation of a single policy in the field of agricultural, transport, energy; unification and harmonization of taxes; creation of a monetary union. At this stage, the greatest attention within the framework of the EEC was given to the agricultural market and extractive industries.

Stage 2 (1968-1986) Customs Union. Entered the history of the EEC mainly as a stagnant period. Integration processes slowed down. The EU began to yield in terms of growth to the US and Japanese economies. However, the creation of the Customs Union was completed and all customs tariffs charged previously between the Member States were canceled, and the formation of a common system of customs duties at the external borders of the EEC was completed. In 1973, Denmark, Ireland and the United Kingdom joined the Community. Integration gradually spread to the monetary, credit and currency spheres. Since 1978, the European Monetary System (EMU) has been created with its main levers: the European unit of account - ECU - is a collective reserve currency unit, determined on the basis of the cost of a basket of currencies (12 leading currencies).

Stage 3 (1987-1992) general market. This period is characterized by new impulses in the development of integration, the adoption of the Single European Act (EEA), which reflects the desire of member countries to move towards the goal of the political alliance of the Community and provides for not only a high degree of their economic, monetary and financial cooperation, but also the coordination of foreign policy, including security. The construction program for the Unified Internal Market of the EEC was completed, and all restrictions on the movement of goods, services, people and capital were lifted at the internal borders of the Community. On February 7, 1992, the Treaty on the European Union was signed. It includes three fundamentally new qualitative points: the introduction since 1993 of the unified citizenship of the EEC (there is a list of rights and obligations), which exists in parallel with the national citizenship of the countries - members of the EEC; the formation of a political union, which implies an integrated foreign policy, close coordination of domestic policies (especially in the fight against crime), rapprochement of legal systems, increasing the role of the EEC parliament; the formation of an economic and monetary union (EMU), the core of which is called to become a single currency (euro).

Figure 1 *Europe's GDP in 2018-2018 (billion dollars)*



**World bank (2019).https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CY*

DOI: 10.37200/IJPR/V24I2/PR200336
Received: 16 Dec 2019 | Revised: 02 Jan 2020 | Accepted: 15 Jan 2020

International Journal of Psychosocial Rehabilitation, Vol. 24, Issue 02, 2020
ISSN: 1475-7192

Stage 4 (ser. 90x - early XX1 century). strengthening economic and political integration, creating a foreign exchange market. In accordance with the Maastricht Treaty (February 1992), the EEC was transformed from January 1, 1994 into the European Union (EU), which includes 15 states. Countries have come to the design of economic, monetary and political unions. From Jan 1 1999, EURO is used only for cashless payments, issuing government bonds and in banking operations. Received from Jan. In cash turnover in 2002, EURO became the only legal tender in the EU member states. [15, Grandars] By 2018, the number of eurozone member states will reach 18. Analyzing the economies of individual countries in this region, we can see that 2010-2018 was a time of growth for the economies of these countries (Figure 1). The main reason for this is the strengthening of the Euro.

Stage 5. But by the beginning of the UK's withdrawal from the EU in 2016, events under B. Balassa's theory began to take place. In other words, as a result of deepening international economic integration and increasing financial and political commitments of leading countries, the process of withdrawal of the union began. Even if In the case of the most unfavorable course of events (exit from the EU without concluding an agreement), the economic consequences for the UK will be negative, but not very significant. Losses will amount to 0.17% of GDP growth from 2018 to 2030. In total, by 2030, Britain's GDP may lose 2.2% of its volume. At the same time, according to the Open Europe analytical center, these losses can be compensated for by simplifying the regulation adopted in the EU, which will attract more foreign direct investment into the country. [16, Wayback Machine]

The UK's withdrawal from the European Union and the measures taken to cope with the financial crisis may have prompted other EU countries to express their desire to quit.

Similar disintegration processes have begun to take place in the history of NAFTA. In particular, the loss of thousands of businesses and millions of jobs thanks to the US NAFTA [17, Ukrinform] prompted the US to cancel the Maciladora deal in 2016.

Table 1 *The GDP of NAFTA countries (1994-2018), billion dollars*

№	**Country**	**1994**	**2000**	**2010**	**2018**
1.	USA	7 287 000	10 252 000	14 992 000	20 494 000
2.	Kanada	578 139	742 295	1 614 000	1 713 000
3.	Mexico	527 813	707 907	1 058 000	1 224 000

**World bank (2018). https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CA-MX-US*

From the table (Table 1), it is clear that after the establishment of NAFTA, the economies of all three countries have been growing. As a result of the integration, the United States and Canada were the most profitable, with a cheap labor, capital and commodity market, and also access to cheap raw materials from Mexico and South America through Mexico.

DOI: 10.37200/IJPR/V24I2/PR200336
Received: 16 Dec 2019 | Revised: 02 Jan 2020 | Accepted: 15 Jan 2020

Figure 2.

Exhibit 2: Russell 1000 stocks that explicitly report assets in Mexico

Ticker	Name	Sub-industry	Mkt cap ($ bn)	% of assets in Mexico
SWKS	Skyworks Solutions, Inc.	Semiconductors	$12	**39 %**
KSU	Kansas City Southern	Railroads	12	**38**
ST	Sensata Technologies Holding PLC	Electrical Components & Equipment	7	**26**
LEA	Lear Corporation	Auto Parts & Equipment	8	**24**
RBC	Regal Beloit Corp	Electrical Components & Equipment	3	**23**
LII	Lennox International Inc.	Building Products	11	**21**
PPC	Pilgrim's Pride Corporation	Packaged Foods & Meats	6	**14**
FBHS	Fortune Brands Home & Security, Inc.	Building Products	7	**13**
CCK	Crown Holdings, Inc.	Metal & Glass Containers	8	**12**
ADNT	Adient plc	Auto Parts & Equipment	2	**10**
JCI	Johnson Controls International plc	Building Products	35	**9**
BWA	BorgWarner Inc.	Auto Parts & Equipment	8	**8**
JBL	Jabil Inc.	Electronic Manufacturing Services	4	**6**
AMT	American Tower Corporation	Specialized REITs	90	**5**
SRE	Sempra Energy	Multi-Utilities	36	**5**
CSL	Carlisle Companies Incorporated	Industrial Conglomerates	8	**4**
CE	Celanese Corporation	Specialty Chemicals	12	**4**
RGLD	Royal Gold, Inc.	Gold	6	**4**
PEP	PepsiCo, Inc.	Soft Drinks	181	**3**
T	AT&T Inc.	Integrated Telecommunication Services	232	**3**
WAB	Westinghouse Air Brake Technologies Corporation	Construction Machinery & Heavy Trucks	10	**2**
LEG	Leggett & Platt, Incorporated	Home Furnishings	5	**1.4**
WSO	Watsco, Inc.	Trading Companies & Distributors	6	**0.8**
R	Ryder System, Inc.	Trucking	3	**0.5**
GPC	Genuine Parts Company	Distributors	14	**0.4**

Source: Worldscope, Data compiled by Goldman Sachs Global Investment Research

With the cancellation of the Maciladora deal, the United States and Canada will be more affected than Mexico, losing the consumer market, and letting AMCs, which have a significant share in the US economy, benefit Mexico.

V. CONCLUSION

The process of disintegration contributes to the adoption of new effective decisions, it should be considered as a necessary element of the development of society. Currently, there is a rapid transformation of globalization itself, which is due to new reasons and rules for the unification of countries. If in the XX century the main reasons for integration were economic similarities of development, territorial proximity, demonstration effect (a demonstration of the successful development of countries that integrated, which facilitated the accession of new ones), the "domino effect", then in the XXI century. Under the influence of the rapid development of new technologies, innovative processes, the exhaustion of natural resources, the reasons for integration are changing. [18, Anisimov & Popova]

The processes of disintegration of the world economy influence the aspirations and aspirations of the Central Asian countries for integration [19, Batirova]. In particular, in a time of increasing competition in the context of globalization, each country wants to have a greater share and place in the international division of labor. That is why they prefer a choice that has a beneficial advantage. For example, in this case we can mention the advantage of Russia and China in the Kazakhstan economic competition against Central Asian countries, and Iran's superiority for Turkmenistan.

DOI: 10.37200/IJPR/V24I2/PR200336
Received: 16 Dec 2019 | Revised: 02 Jan 2020 | Accepted: 15 Jan 2020

Further integration processes need to be improved to the general market so that integration processes do not degenerate in the future.

REFERENCES

1. Balassa, B. (1966) Tariff reductions and trade in manufactures among industrial countries.// American Economic Review 56.-1966. 466–473.
2. Balassa, B. (1967). Trade liberalization among industrial countries: Objectives and alternatives, ch. 5.-.1967, (McGraw-Hill for the Council on Foreign Relations, New York) .;
3. Balassa, B. (1975). European economic integration, ch. 2.- 1975. (North-Holland, Amsterdam) .;
4. Krugman, P. (2001). Scale economies, product differentiation, and the pattern of trade.// American Economic Review 70, 950–959.-1980 .; W. Beck. What is globalization? M: Progress Tradition. 2001 .;
5. Shishkov, Y. (2001). Integration processes on the threshold of the 21st century. Why CIS countries do not integrate. M., III millennium, 2001 .;
6. Shishkov, Y.V. (2012). Challenges of the new historical era // Journal Club "Intelros". The century of globalization. 2012. -No1 [Electron resource]: //http://www.intelros.ru / readroom / vek-globalizacii / -1-9-2012 / 14388-vyzovy-novoy-istoricheskoy;
7. Huntington, S. (2003). Clash of Civilizations? M .: AST, 2003;
8. Urunov, A.A. (2003). Integration and economic growth // A.A. Urunov. -M .: Grail, 2003. -424 p .;
9. Roepke, W. (1959). International Order and Economic Integration. 1959. P.72 .;
10. Harris, S. (1957). International and Interregional Economics. NY 1957;
11. Misko, O.N. (2015). International Economic Integration. St. Petersburg 2015. S.133-135.
12. Nazarova, G.G.&Kurbaniyazov, Sh. (2014). Problems of economic integration of Uzbekistan // “Economics and Innovation Technology” scientific electronic journal//No. 6, November-December, 2014 yil [Electron resource]: http://iqtisodiyot.uz/sites/default/file s / maqolalar / 22_G_Nazarova.pdf;
13. Sirojiddinov, N. (2016). Free trade zone between the CIS and Uzbekistan: arguments for and against. // Xalqaro Munosabatlar. Journal. No. 3.-2016-P.100-113;
14. Machlup, F. (1977). A History of Thought of Economic Integration. L.1977. P.7.
15. Grandars (2018). Stages of formation and development of the European Union (EU) // http://www.grandars.ru/student/mirovaya-ekonomika/istoriya-es.html
16. The economic consequences & how they could be mitigated Archived October 19, 2018 at Wayback Machine, Open Europe, 10/2018.
17. Ukrinform (2016). If NAFTA does not become North America, the disintegration of the region will deepen, and with it the rest of the world. Https://www.ukrinform.ru/rubric-world/2532514-torgovye-peregovory-ssa-i-kanady-sah- i-mat-svobodnoj-torgovle.html
18. Anisimov, A.&Popova, A. (2014). Structural modeling of interpretations of economic processes in primary Eurasian integration processes. Eurasian economic integration. Structural and topological model for the interpretation of economic data on Eurasian integration processes. Eurasian economic integration. 2014. No. 4. URL: http://www.eabr.org/r/research-/publication/ eei / index.php? Id_16 = 44797
19. Batirova N. S. Features of the development of the tashkent region in an innovative economy //European Journal of Humanities and Social Sciences. – 2018. – №. 6. – С. 159-162. https://elibrary.ru/item.asp?id=37112705.

DOI: 10.37200/IJPR/V24I2/PR200336
Received: 16 Dec 2019 | Revised: 02 Jan 2020 | Accepted: 15 Jan 2020