

eec

EURASIAN ECONOMIC
COMMISSION



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INTRODUCTION BY THE CHAIRMAN OF THE BOARD OF THE EURASIAN ECONOMIC COMMISSION

Dear readers and colleagues!

I am pleased to represent for you an digest in which by means of facts and figures, statistical information and analytical summaries presents the results of the Eurasian Economic Commission on the deepening of the integration union of five states – Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

Looking back, it can be stated with confidence that a lot of previously set out objects, while establishing the Eurasian Economic Union (EAEU), have become a reality. Due to political will of our state leaders was created and started to act the Common Economic Space. It is a global market that unites more than 180 million people. Its main principles freedom of movements of goods, services, labour and capital. It has been created an integration structure, sustainable to any world crises, with substantial potential for further development. An increase of domestic trade and deepening of cooperation between entities and facilitation of conditions for labour migration that are some actual results of our work. It could be hardly to achieve without enhanced support of the presidents, prime-ministers, as well as without the active participation of the national authorities representatives and business. Due to help of all concerned parties the EAEU is working systematically towards realization of the main directions, including custom cooperation, industry and agricultural development, technical regulation, veterinary and phytosanitary inspections.

The success of the Eurasian Integration process is already evident. Today the Commission jointly with the Member States is developing trade and economic cooperation with approximately

50 states and the leading international interstate unions. Treatments on preferential trade regimes or free trade zones agreements were concluded or pending conclusion with some of them, for example, with Vietnam, India, Iran, Singapore and with a number of other states.

As a result of establishment of the Common economic Space business had unrestricted access to the markets of the Member States. The services freedom of movement has been already provided in 43 sectors. There are plans under way to form coherent policies in transport, industry and agriculture. The citizens of the Union obtained an opportunity to live, study and work in any Member States without an authorization and a non-quota basis as well as a free emergency health care etc.

A large scale digital base for a new leap forward of economy is forming within the Union and it's considered as a fundamental priority for further development of the EAEU. At the level of the EAEU has been created the working group that includes the vice-premiers of the national governments of the Union with the aim to develop the Main directions for realization of the EAEU digital until 2025. Digitalization of all spheres will change the image of economy, models and methods of data management, products and services, state functions and formats of its cooperation with society. Forming the EAEU common digital space we are eager to create new institutions and infrastructure that ensure multiplicative effect for a large number of spheres and sectors of economy. We need to develop an electronization programme of the Union – “GOELRO-2Plan” which will become one of the main drivers to modernize the Member States economies.

2017 is one of the most notable from the point of view of the efficiency of work made by the Commission. In April the new EAEU Customs Code was adopted. The document focuses on the application of paperless electronic technologies and online services. It also contributes for greater simplification of many procedures. In May this year, in the Union began to work markets of medicines and medical devices. Within the territory of EAEU a new technical regulations were adopted. They cover safe handling of clean drinking water and fire-protection equipment, as well as chemicals and playground equipment safety.

These are all very significant results of integration, which significantly reduce time and resource costs both for entrepreneurs of the EAEU Member States and their business partners from third countries.

The EEC monitors the implementation of the Treaty on the EAEU. The essential part of these activities is to identify barriers to the movement of goods, services, labour and capital. We systematically discuss these problems on the level of the five states and jointly eliminate them. Now 60 obstacles have been recorded in the Union, and on many of them have been reached resolving agreements.

The digest, I would like to represent, is also belongs to the essential part of the integration process. It dwells on the Eurasian integration, its goals and perspectives. I hope it will be interesting to anyone, who wants to become a participant to one of the significant projects in Eurasia which has already become a reality and will have a great future!

Tigran Sargsyan



DEVELOPMENT OF THE EURASIAN INTEGRATION: 1994–2017

1994

In recent history of the Eurasian integration a new chapter began. Each page is valuable and significant in its own way. It cannot be torn out of the single book for the Member States of the Union without prejudice to the meaning, and its content continues to be added daily. The prologue of this big book starts in 1994, when the leader of the Republic of Kazakhstan Nursultan Nazarbayev proposed creation on the Eurasian space of a really working union of states integrated with economic relationships.

1995

In early 1995, the Republic of Kazakhstan, the Republic of Belarus and the Russian Federation signed the Agreement on the Customs Union aimed at removing obstacles to free economic interaction between economic entities of the parties, as well as ensuring free trade and fair competition. The Customs Union of the 1990s failed to really operate for a number of reasons. However, the experience obtained was indispensable to develop further effective strategy for a phased convergence of neighbouring countries, which are best prepared for integration.

1996

In 1996, the Leaders of the three states, together with the Head of the Kyrgyz Republic, signed the Treaty on Deepening Integration in Economic and Humanitarian Areas. The document reflected close economic and cultural ties, common history. However, the provisions of the Treaty looked into the future – the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation stated the indissoluble prospects for a common economic development.

1998

In 1998, the Republic of Tajikistan joined the Treaty.

The intention to move towards closer cooperation on the basis of unification of the regulatory framework and harmonization of processes of economic restructuring has led the leaders of these countries to the creation in 2000 of a new integration structure – the Eurasian Economic Community (EurAsEC).

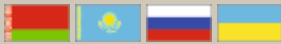


The Treaty on Deepening of Integration in Economic and Humanitarian Areas





The Agreement on Formation of the Common Economic Space



2003

Since 2003, the work on formation of the legal framework of the Common the Economic Space was even more intensified. Ukraine joined the process. But its involvement in the Eurasian integration processes quickly subsided.

2006

In 2006, the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation were again at the forefront of the formation of the Customs Union and the Common Economic Space. The Presidents of these countries made a joint decision at the summit in Sochi. It was agreed that the Kyrgyz Republic and the Republic of Tajikistan would join when their economies are ready.

2007

Just a year later, in October 2007, the Treaty on the Establishment of the Single Customs Territory and Formation of the Customs Union was signed. In a historically short period, the countries managed to identify ways to co-develop the Member States.

Further acceleration of the integration processes was greatly due to the global economic crisis of 2008. It forced the states to seek new formats of cooperation for sustainable economic growth and new ways to minimize economic risks and also contrib-

uted to the convergence of economic policies. All this resulted in the acceleration of the “launch” of the Customs Union.

2010

The Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation began its work in January 2010 and just a year and a half after, in July 2011, it started to operate at its full capacity: the customs territories of three states were combined into the common customs territory. Within the territory, the rules of the Customs Code, the single customs tariff, the single system of foreign trade and customs regulations, as well as the common legal framework in the sphere of technical regulation began to be applied.

2011

On November 18, 2011, Presidents Alexander Lukashenko, Nursultan Nazarbayev and Dmitry Medvedev signed a Declaration on the Eurasian Economic Integration. Having noted success of the Customs Union in this document, the Heads of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation expressed conviction that the further development of integration based on the profound economic and spiritual links between the peoples of the three countries met their national interests, as well as promoted well-being and quality of life of citizens and enhanced national competitiveness in the global economy. The Declaration announced the transition to the next stage of integration – the Com-



The Treaty on Creation of the Common Customs Territory and Establishment of the Customs Union



mon Economic Space (the CES). The Declaration stipulated that the parties would strive to complete, by January 1, 2015, the work on codification of international treaties that constitute the regulatory legal framework of the Customs Union and the Common Economic Space, and create the Eurasian Economic Union on this basis.

2012

By January 1, 2012, a legal framework of the CES as a market with 170 million consumers, free movement of goods, services, capital and labour, was formed. The CES was based on concerted action in key areas of economic regulation: in macroeconomics, competition policy, the field of industrial and agricultural subsidies, transport, energy, tariffs of natural monopolies. The benefit from the CES was clear both to the population and to the business community. Entrepreneurs were given equal access to the common market of three countries, an ability to freely choose where to register their companies and do business, to sell products in any Member State of the CES without undue restrictions, to have access to transport infrastructure, etc. Creation and gradual adjustment of mechanisms of the single

market operation were an important part of the plans of the CU and the CES Member States to move from resource-based economy to innovation economy.

On February 2, 2012, the Eurasian Economic Commission (the EEC) started its work. For the first time in a twenty-year history of the Eurasian integration process, a permanent supranational regulatory body with real powers in a number of key sectors of the economy was established. The EEC provides conditions for the functioning and development of the Customs Union and the Common Economic Space, and the elaboration of proposals for the further development of integration.

The work began on the codification of the regulatory legal framework of the CU and the CES and on preparation of the draft Treaty on the Eurasian Economic Union.

2013

2013 was one of the most significant periods in the improvement and development of the Eurasian integration processes. In particular, there were conditions to continue work to ensure accession of the Kyrgyz Republic to the Eurasian integration project launched by the decision of the EurAsEC Interstate Council which has been adopted back in 2011.



Commencement of the Common Economic Space



In May 2013, the Memorandum on deepening cooperation between the Eurasian Economic Commission and the Kyrgyz Republic was signed. The purpose of the Memorandum is maintaining and development of cooperation based on the principles of mutual respect, deepening cooperation between the Kyrgyz Republic and the CU and the CES Member States in various economic sectors.

On September 3, 2013, the Armenian President Serzh Sargsyan expressed the country's intention to join the Customs Union and the CES and to further integrate by participating in the formation of the Eurasian Economic Union.

On October 24, 2013, at the session of the Supreme Eurasian Economic Council in Minsk the Presidents of the Member States considered the application of the Republic of Armenia and instructed the EEC to launch the work on accession. The Working Group established for this purpose developed a corresponding "road map".

On December 24, 2013, the road map on accession of the Republic of Armenia to the CU and CES was approved at the level of the Heads of the States during the session of the Supreme Eurasian Economic Council. The Presidents of the major three states of the Customs Union and Armenia adopted the Statement "On participation of the Republic of Armenia in the Eurasian integration process" and welcomed the intention of the Republic of Armenia to accede to the Customs Union and the Common Economic Space, and then become a full member of the Eurasian Economic Union.

2013–2014

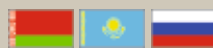
In 2013–2014, the Eurasian Economic Commission and the authorised authorities of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation were actively preparing the Treaty on the Eurasian Economic Union (EAEU) on behalf of their Presidents. It included codification of most international treaties that constitute the regulatory legal framework of the Customs Union and the Common Economic Space.

During this period, 5 rounds of negotiations were held to finalize the draft Treaty, which were attended by more than 700 experts from Member States and the EEC. The final document containing nearly 1000 pages is divided into 4 parts that include 28 sections, 118 articles and 33 annexes.



29.05.2014

Signing the Treaty on the Eurasian Economic Union



2014

On May 29, 2014, Astana hosted the session of the Supreme Eurasian Economic Council, where Presidents Alexander Lukashenko, Nursultan Nazarbayev and Vladimir Putin signed the Treaty on establishment of the Eurasian Economic Union. Many the Establishment and experts called this project the most ambitious and at the same time the most realistic and relying on the evaluated economic advantages and mutual benefits. Ample opportunities were opened for the business community of the Member States: the Treaty gave the "green light" to the formation of new dynamic markets with single standards and requirements for goods, services, capital and labour.

On October 10, 2014, the Treaty on Accession of the Republic of Armenia to the EAEU was signed in Minsk. The document was adopted at the session of the Supreme Eurasian Economic Council, which was attended by Heads of the Member States. On the same day, Presidents Alexander Lukashenko, Nursultan Nazarbayev and Vladimir Putin approved the "road map" for the accession of the Kyrgyz Republic to the Common Economic Space.

On December 23, 2014, Moscow hosted the meeting of the Supreme Eurasian Economic Council, where the President of Kyrgyzstan Almazbek Atambayev signed the Treaty on Accession of the Kyrgyz Republic to the EAEU.



02.01.2015

Accession of Armenia to the Eurasian Economic Union



2015

The Eurasian Economic Union started its operation **from January 1, 2015**. The Republic of Belarus was the first Chairman of the supreme bodies of the association – the Supreme Eurasian Economic Council at the level of Heads of the States, the Eurasian Intergovernmental Council at the level of Heads of the Governments and the EEC Council at the level of Vice Prime Ministers.

At the same time, **from January 1, 2015**, a single services market began to operate in a number of sectors identified by the EAEU Member States.

The total number of service sectors in the common market is 43. In value terms, it is almost 50% of the total volume of services in the Member States of the Union. Currently, the parties are actively working on expansion of these sectors by, among other things, the phased reduction of exemptions and restrictions, which will strengthen the Eurasian integration project.

From January 2, 2015, after the completion of the ratification procedures, the Republic of Armenia became a full member of the Eurasian Economic Union.

In March 2015, the first documents necessary to launch operation in the Union of the common markets of medicines and medical products were presented for public discussion. October 2015 saw the last of the thirty-five documents adopted by the EAEU countries and the Commission.

On May 29, 2015, the EAEU Member States and Vietnam signed an agreement on establishment of a free trade zone. The document the suggests zeroing of the duties for 90% of products will give an opportunity to increase by 2020 the trade turnover of the EAEU Member States and Vietnam more than twice. The agreement marked the beginning of the subsequent closer integration of the EAEU with the Asia-Pacific Region.

In May 2015, the Presidents of the Member States of the Eurasian Economic Union decided to start negotiations with China on conclusion of an agreement on trade and economic the cooperation. This is an important stage in the development of economic co-operation sequencing the entire structure of relations and providing a basis for further progress in the area of trade simplification and elimination of non-tariff barriers that restrict reciprocal access to markets. In order to organise this activity efficiently, in October 2015 the presidents adopted a disposition on the coordination of Presidents of the EAEU Member States on conjunction of the Eurasian Economic Union and the Silk Road Economic Belt. Formal negotiations started in the first half of 2016.

On August 12, 2015, after implementation of the “road map” and the completion of the ratification procedures, the Kyrgyz Republic became a full member of the Union.

In October 2015, at the Supreme Eurasian Economic Council, the Presidents of five Member States of the Union approved the Main Directions of Economic Development of the EAEU up to 2030. It is an important document, which defines further coordination of national policies and ways of improving the competitiveness of the economies of the EAEU Member States. The effect of participation in the EAEU by 2030 is estimated to be 13% of additional GDP growth for the Member States.

2016

From February 1, 2016, new members of the Board of the Eurasian Economic Commission (EEC) chaired by the representative of the Republic of Armenia Tigran Sargsyan started their work. Most of the members of the Board exercised their powers in the previous four-year cycle of the EEC operation, which ensured a high level of continuity in the Commission. The decision that the former Prime Minister of Armenia Tigran Sargsyan would head the Board of the EEC was made **in October 2015** at the session of the Supreme Eurasian Economic Council by the Presidents of the five countries of the Eurasian Economic Union

(EAEU) in the Kazakh village Burabay. Taking into account the four-year practice of the Commission, as well as spheres of regulations within the competence of the EEC currently and in the mid-term, the heads of the EAEU Member States changed the number of the Board members. Now, the EAEU Member States are represented by ten Members of the Board – Ministers, including the Chairman – two Ministers from each Member State.

In 2016, the main stage of development of the common markets of medicines and medical products was completed. A comprehensive system for regulating the circulation of medicines and medical products was prepared, which, for the first time in the Member States of the Union, has provided for an almost complete regulation of the “life cycle” of products, namely, their development, production and use.

Over the last four years, with 2015 being the year of particular activity, due to acquisition by the Union of the international legal personality after signing the Treaty on the EAEU, the EAEU Member States together with the Commission have strengthened the impact of the Union on external directions. Its prestige and importance in the international arena have increased significantly. This is confirmed not only by the expansion of the Eurasian Economic Union after the accession of the Republic of Armenia and the Kyrgyz Republic, but also by the growing interest in close cooperation with the EAEU shown by many countries around the world: China, Vietnam, Iran, India, Israel, Egypt, Singapore, MERCOSUR and ASEAN, and others. An important element of the strategy of

economic cooperation in the EAEU may be a direct dialogue between the Eurasian and European Commissions. The prerequisites for such a dialogue have been created.

In contrast to the global downturn, the consistent and successful transformation of the Eurasian space, based on the market economic principles with preservation of political independence and the existing cultural identity of the sovereign states, still continues. The global Eurasian integration book is being filled with new chapters.

2017

In May 2017, the common markets of medicines and medical products began to operate in the EAEU.

The launch of these markets will increase the availability of effective and high-quality medicines and medical products for citizens of the Union, as well as create optimal conditions for increasing the competitiveness of products of the pharmaceutical and medical industry of the EAEU countries on the world market.

On April 11, 2017, the Presidents of the countries of the Union signed the Treaty on the Customs Code of the Eurasian Economic Union. The Customs Code of the EAEU is a modern instrument of customs regulation that meets the challenges of today. Compared with the Customs Code of the Customs Union effective from 2010, the new document provides for a number of significant innovations aimed at improving customs regulation and ensuring a balance of interests between state bodies and the business community.

The new Customs Code will come into force on January 1, 2018, after the completion by all the EAEU Member States of necessary internal procedures.

In April 2017, liberalization plans entered into force, according to which from 2019 to 2021 20 service sectors will be transferred to the format of a common market of services, including: especially dangerous construction works, tourism, evaluation, mine surveying, scientific research. In October 2017 the heads of the EAEU countries adopted the main directions of realization of the digital agenda of the Eurasian Economic Union until 2025.

In October 2017 the heads of the EAEU countries adopted the main directions of realization of the digital agenda of the Eurasian Economic Union until 2025.



Supreme Eurasian Economic Council



TIMELINE OF EVENTS



The decision of the Supreme Eurasian Economic Council On the entry into force of international treaties forming the Common Economic Space



01.01.2012

Treaty on the Eurasian Economic Commission



Commencement of the Common Economic Space



02.02.2012

The Eurasian Economic Commission's commencement of operation

2012–2014

The work of the EEC and authorised authorities of the Republic of Belarus, the Russian Federation, the Republic of Kazakhstan on the preparation of the Treaty on the Eurasian Economic Union



Memorandum on deepening of cooperation between the Eurasian Economic Commission and Kyrgyzstan



The Heads of the states of the "Customs Three" and Armenia adopted the Application "On accession of the Republic of Armenia to the Eurasian integration process"



29.05.2014

Signing the Treaty on the Eurasian Economic Union



01.01.2015

The Treaty on the Eurasian Economic Union coming into force



02.01.2015

Accession of Armenia to the Eurasian Economic Union



12.08.2015

Accession of Kyrgyzstan to the Eurasian Economic Union



01.02.2016

Beginning of work of the new members of the Board of the Eurasian Economic Commission



2017

Treaty on the Customs Code of the Eurasian Economic Union



The «White Paper» of Barriers, Exemptions and Restrictions



THE EAEU AND THE MEMBER STATES. POSITION IN THE WORLD

Territory and population

More than

183
MLN PEOPLE

More than

20
MLN SQ.KM

14%
of the world dry
land



General economic indicators in 2016, USD bln

1,487.7*

gross domestic
product of the EAEU

509.4

volume of foreign
trade with third
countries

43.0

volume of mutual trade
between the EAEU
Member States

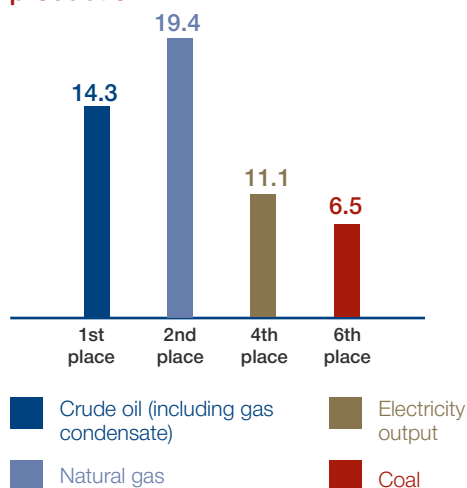
859.0*

industrial production

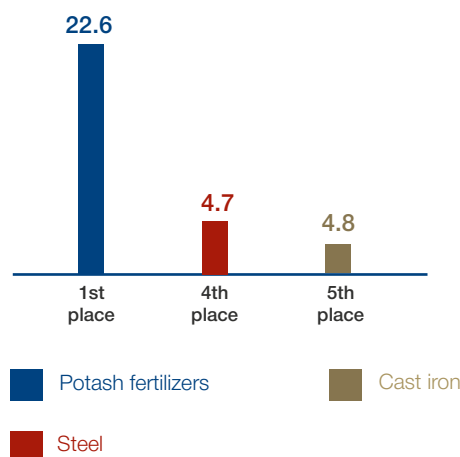
* The data is represented based on the current prices.

WORLD RANKING OF INDIVIDUAL ECONOMIC INDICATORS OF THE MEMBER STATES OF THE EURASIAN ECONOMIC UNION IN 2016 (%)

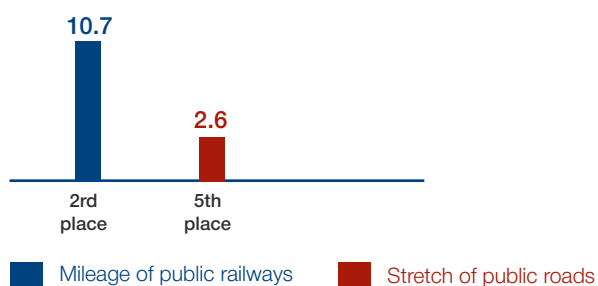
Extraction. The EAEU share in the world production



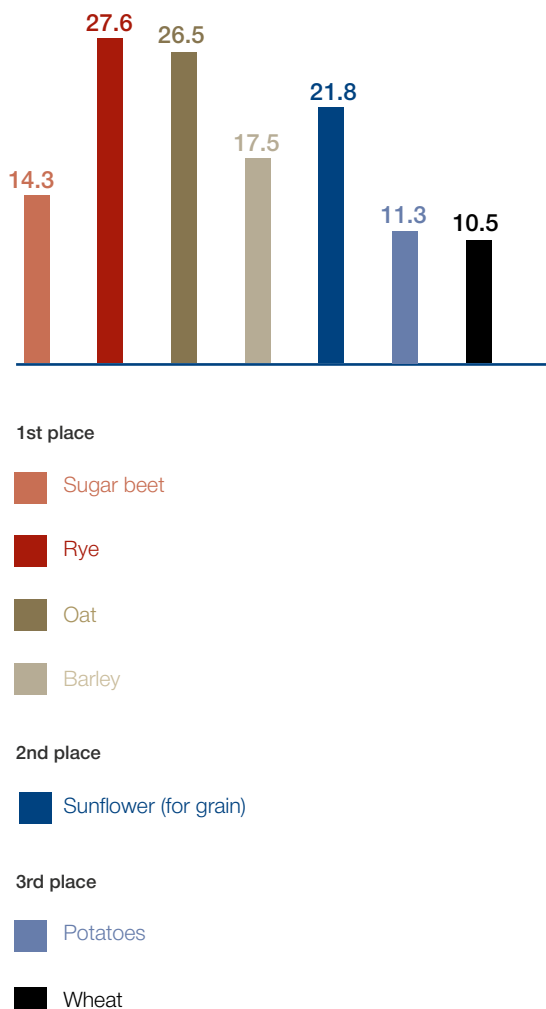
Production. The EAEU share in the world production



The EAEU share in the world road length



AGRICULTURAL PRODUCTION. EAEU SHARE IN THE WORLD PRODUCTION, IN 2015 (%)



Results of the mutual trade of goods in the Eurasian Economic Union Member States in January – August 2017

THE VOLUMES OF THE MUTUAL TRADE BETWEEN THE EAEU MEMBER STATES IN JANUARY - AUGUST 2017

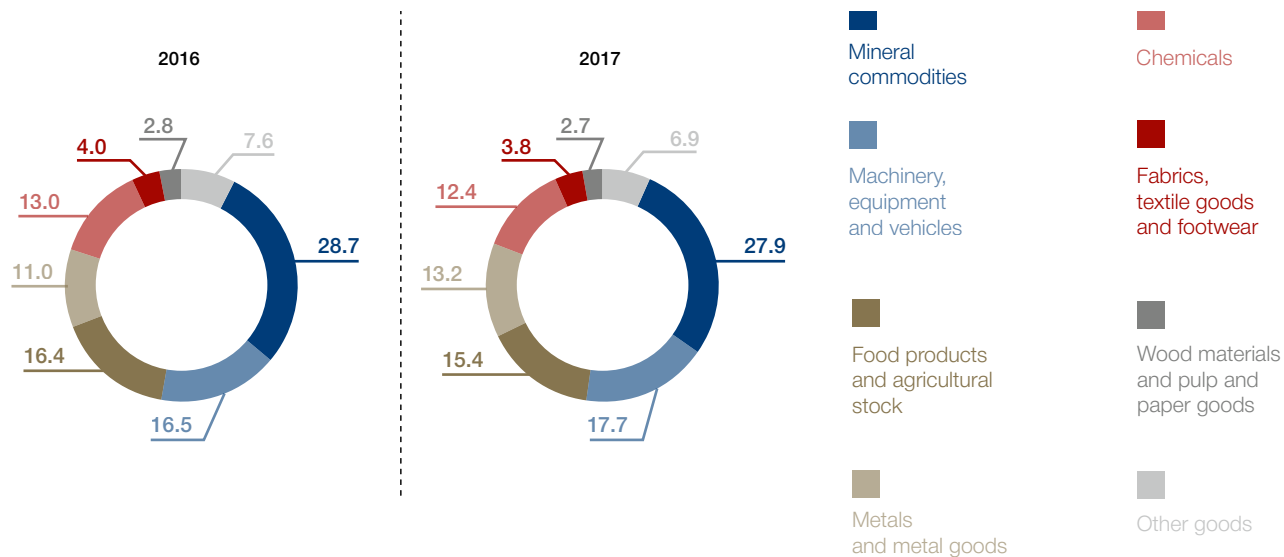
	USD mln	in % to 2015	Share in volume for 2016, %
EAEU	34 174.3	127,5	100,00
including:			
Armenia – Belarus	22.8	116.4	0.06
Armenia – Kazakhstan	3.1	100.9	0.01
Armenia – Kyrgyzstan	0.5	doubled	0.00
Armenia – Russia	983.8	133.9	2.88
Belarus – Kazakhstan	429.1	173.8	1.26
Belarus – Kyrgyzstan	86.4	in 3.2 times	0.25
Belarus – Russia	20 435.8	122.3	59.80
Kazakhstan – Kyrgyzstan	512.9	122.4	1.50
Kazakhstan – Russia	10 665.4	135.2	31.21
Kyrgyzstan – Russia	1 034.5	134.0	3.03

* Total monetary volume of the export transactions of the Member States in mutual trade.

The share of mutual trade in goods for January – August 2017, calculated as the sum of export transactions of the Member States of EAEU in the mutual trade, is 34.2 USD bln. or 127.5% to the level of January – August 2016.

- 1) In the Republic of Armenia, this indicator has risen from 27.5% to 28%,
- 2) in the Republic of Belarus – from 52% to 52.8%,
- 3) in the Republic of Kazakhstan the indicator has slightly changed from 21.4% to 22.3%,
- 4) in the Kyrgyz Republic – from 38.4 to 39%.
- 5) in the Russian Federation – from 8.9 to 9%.

THE STRUCTURE OF MUTUAL TRADE BY COMMODITY AGGREGATES
IN JANUARY - AUGUST 2016 AND JANUARY - AUGUST 2017 %



THE VOLUME OF EXPORT SUPPLIES IN BILATERAL TRADE OF THE MEMBER STATES OF THE EAEU

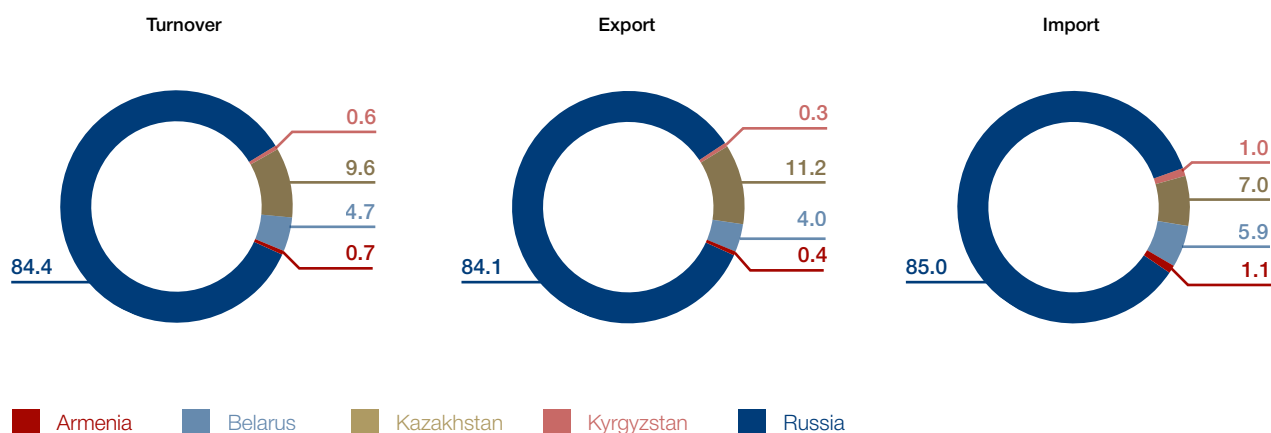
	USD mln	In % to January - August 2016	Share in volume, %
EAEU	34,174.3	127.5	100.0
including:			
Armenia	317.4	134.1	0.9
Belarus	8,802.8	124.2	25.8
Kazakhstan	3,297.1	136.5	9.7
Kyrgyzstan	384.3	127.6	1.1
Russia	21,372.7	127.4	62.5

Results of the foreign trade in goods produced in the EAEU Member States in January - August 2017

VOLUMES OF FOREIGN TRADE IN GOODS OF THE EAEU MEMBER STATES WITH THIRD COUNTRIES JANUARY - AUGUST 2017, USD MLN

	Export	Import	Balance	In % to January - August 2016	
				export	import
EAEU	240,925.7	155,162.8	85,762.9	126.4	124.7
including:					
Armenia	1,065.7	1,708.5	-642.8	118.4	127.6
Belarus	9,636.2	9,103.2	533.0	118.3	121.6
Kazakhstan	27,019.7	10,860.0	16,159.7	131.7	111.0
Kyrgyzstan	722.2	1,650.5	-928.3	122.8	106.6
Russia	202,481.9	131,840.6	70,641.3	126.2	126.5

CONTRIBUTIONS OF THE EAEU MEMBER STATES IN THE AGGREGATE INDICATORS OF FOREIGN TRADE (AS A PERCENTAGE OF THE TOTAL FOR THE EAEU), %



Commodity Composition of exports and imports

In the commodity composition of exports of the EAEU Member States to third countries, mineral products (64.8% of the total exports of countries of the Union Member States to third countries), metals and metal products 10.6%, chemical products 6.2% dominate.

The biggest share in imports is taken by machines, equipment and vehicles (44.1% of total imports), chemical products (18.3%), food products and agricultural raw materials (12.4%). About 80% of total purchases of these goods outside of the EAEU are made by the Russian Federation.

The main share of exports of the Member States (84.7%) falls on intermediate goods, including energy products with 58.9%, other intermediate goods with 25.8%.

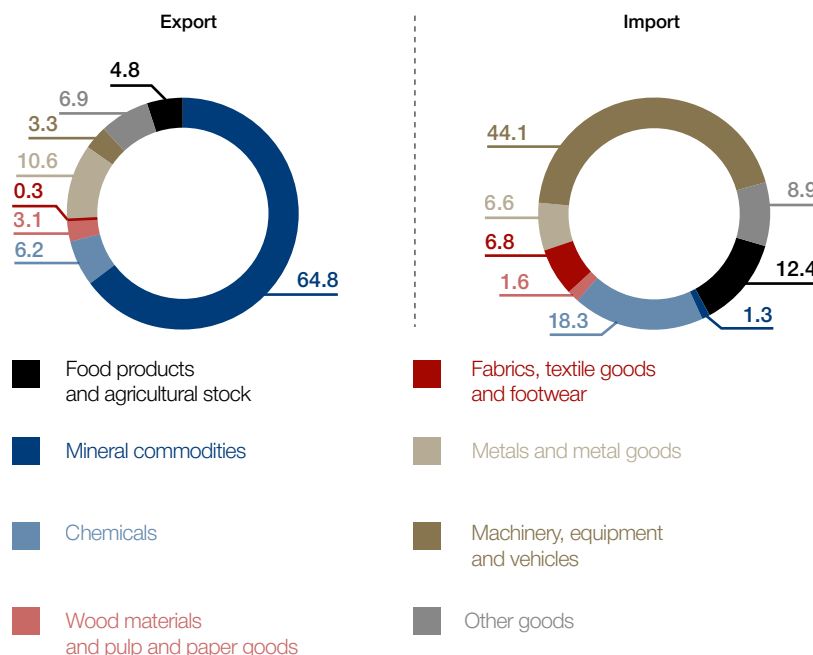
In imports of the Member States intermediate goods (41.6% of total imports) and consumption goods (32.4%) prevail. The share of investment goods is 22.3%.

Geographical distribution of foreign trade

The main buyer of goods exported by the EAEU Member States is the European Union (51.6% of total exports). Among the countries of the European Union significant are supplies of goods to the Netherlands (11.5%), Germany (7.2%), Italy (6.1%), and Poland (3.3%).

25.1% of exports are sold to the APEC countries, including China – 11.6%, South Korea – 3.6%, Japan – 3.2% and the United States – 2.9%. The CIS countries bought 5.4% of the goods exported, of which the Ukraine – 3.1%. Exports to Turkey accounted for 4.9% of total exports of the EAU Member States.

STRUCTURE OF EXPORT AND IMPORT OF GOODS IN FOREIGN TRADE FOR OF 2016 (AS PERCENTAGE OF TOTAL), %

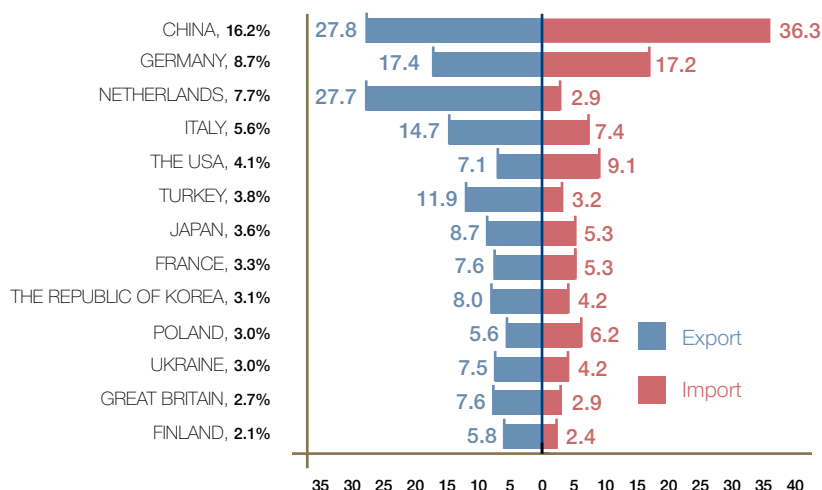


Import purchases are concentrated in the APEC countries (43% of total imports of goods) and the countries of the European Union (40.2%). Among the APEC countries, the largest volumes account for China (23.4%), the United States (5.9%), Japan and South Korea (3.4 to each). Among

the European Union countries, significant are supplies from Germany (11.1%), Italy (4.8%), France (4%). In the CIS countries, 4.2% of goods were purchased, including the Ukraine – 2.7%. The share of Turkey accounts for 121% of total imports of the EAEU Member States.

FOREIGN TRADE OF THE EAEU BY COUNTRIES – MAJOR TRADE PARTNERS, USD BLN

(Next to the name of the country, its share in the total foreign trade is indicated)



Statistical information on the results of external and mutual trade in goods of the EAEU Member States

2011	<p>Total volume of foreign trade in goods of the Member States of the Customs Union and the Common Economic Space with third countries amounted to USD 907.2 bln, including exports – USD 581.4 bln, imports – USD 325.8 bln.</p> <p>Volume of mutual trade in goods (amount of the cost volumes of export operations of the Member States of the Customs Union and the Common Economic Space in mutual trade) amounted to USD 63.1 bln.</p>
2012	<p>Total volume of foreign trade in goods of the Member States of the Customs Union and the Common Economic Space with third countries amounted to USD 934.6 bln, including exports – USD 593.7 bln, imports – USD 340.9 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Customs Union and the Common Economic Space amounted to USD 67.8 bln.</p>
2013	<p>Total volume of foreign trade in goods of the Member States of the Customs Union and the Common Economic Space with third countries amounted to USD 933.0 bln, including exports – USD 587.7 bln, imports – USD 345.3 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Customs Union and the Common Economic Space amounted to USD 64.5 bln.</p>
2014	<p>Total volume of foreign trade in goods of the Member States of the Eurasian Economic Union with third countries amounted to USD 868.7 bln, including exports – USD 556.8 bln, imports – USD 311.9 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Eurasian Economic Union amounted to USD 58.5 bln.</p>
2015	<p>Total volume of foreign trade in goods of the Member States of the Eurasian Economic Union with third countries amounted to USD 579.3 bln, including exports – USD 373.8 bln, imports – USD 205.5 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Eurasian Economic Union amounted to USD 45.6 bln.</p>
2016	<p>Total volume of foreign trade in goods of the Member States of the Eurasian Economic Union with third countries amounted to USD 509.4 bln, including exports – USD 308.3 bln, imports – USD 201.1 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Eurasian Economic Union amounted to USD 43.0 bln.</p>
January – August 2017	<p>Total volume of foreign trade in goods of the Member States of the Eurasian Economic Union with third countries for January – August 2017 amounted to USD 396.1 bln, including exports – USD 240.9 bln, imports – USD 155.2 bln. In comparison with January – August 2016 volume of foreign trade increased by 25.7% or USD 81.1 bln, exports by 26.4% (USD 50.3 bln), imports by 24.7% (USD 30.8 bln).</p> <p>Volume of mutual trade in goods of the Member States of the Eurasian Economic Union for January – August 2017 amounted to USD 34.2 bln or 127.5% to the level of January – August 2016.</p>

Industrial Production

In the first half of 2017, compared to the first half of 2016, the industrial production index amounted to 102.7%.

In the structure of industrial production of the EAEU, in January – June 2017, the largest share was held by process industry (63.2%). Its share declined by 1.4 percentage point in compared to January – June 2016. The share of mining and quarrying amounted to 25.3% (increased by 1.6 percentage point). The share of power supply, gas, steam and air conditioning service amounted to 9.9% (decreased by 0.3 percentage point).

Agriculture

In January – June 2017, in the farms of all categories of the Member States of the Eurasian Economic Union, agricultural production increased at constant prices by 0.4% compared to January – June 2016.

The largest increase was reported in Kazakhstan – 3.1%, in Kyrgyzstan – 1.2% and in Russia it was 0.2%.

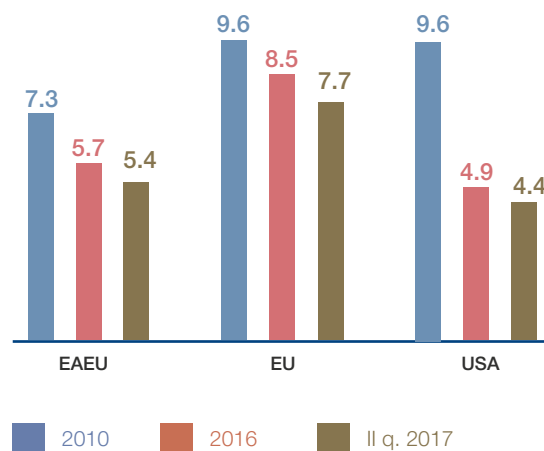
In the first half of 2017, production of major livestock products also increased. Production of livestock and poultry (live weight) increased by 3.1% and amounted for slaughter to 8.3 million tons, milk – by 1.2% (22.7 million tons), eggs – by 2.1% (27.2 billion pieces).

Social Indicators of the Member States of the Eurasian Economic Union

The unemployment rate within the Union as of the end of the second quarter of 2017 was 5.4%, which is better than the EU indicator (7.7%) and above of the US indicator (4.4%).

There has been a trend of leveling the level of economic development among the Member States of the Union, despite the differences in the size of the economy and the global crisis. The gap in GDP per capita decreased from 9.8 thousand US Dollars in 2010 to 7.7 thousand US Dollars in the second quarter of 2017. The gap between the Member States in the level of wages, productivity, number of security researchers, indicators of unemployment has also decreased.

UNEMPLOYMENT LEVEL, %



THE AVERAGE MONTHLY NOMINAL SALARY IN THE EAEU MEMBER STATES (USD)*

	2010	January – June 2017
Armenia**	274.7	387.2
Belarus	406.6	405.0
Kazakhstan	526.7	455.0
Kyrgyzstan	156.4	213.9
Russia	690.1	667.2

* The indicator is calculated at exchange rates of national (Central) banks of the EAEU Member States for the period: for Belarus – at weighted average rate of Belarusian ruble to US Dollar; for Armenia, Kazakhstan, Kyrgyzstan and Russia – at average rates of the national currencies to US Dollar.

** Since 2013, payment for labour and other payments equal to it include the employer's payments for compulsory social insurance, as well as salaries of military personnel.

FROM THE CUSTOMS UNION TO THE EURASIAN UNION



What does the Customs Union stand for?

The Customs Union (CU) is primarily common market of goods with an application of the norms of, a Single Customs Tariff, a system of safeguard measures for the internal market, a unified system of foreign trade and customs regulation, as well as a single legal framework in technical regulation. Customs duties and restrictions of economic nature are not applied on its territory.

The Customs Union provided freedom of movement of goods. Therefore, at this stage, the key trends in integration work are the customs cooperation, trade and technical regulation. The main task to be resolved by the states was the development of a common legal framework in the key areas of work and creation of conditions for the start of the harmonization of national laws of the Member States in other areas of activities brought from the national to the supranational level.

By January 1, 2010, legal conditions necessary for the union to start operating were created, when the competence of the foreign trade regulation was handed over to the Customs Union Commission¹.

Since that moment and pursuant to the international treaties the Commission has been authorized to:

- change the rates of import customs duties;
- maintain the Commodity Nomenclature of Foreign Economic Activity of the Customs Union;
- set the tariff preferences and tariff quotas;
- determine the tariff preferences structure;
- introduce non-tariff regulatory measures.

From July 1, 2010, the Commission was empowered to conduct investigations and other procedural actions prior to the introduction of safeguard, anti-dumping and compensatory measures in the common customs territory of the Customs Union in respect of goods originating from foreign countries.

Thus, from 2011 till now, the Commission has conducted and completed 31 investigations (7 of them are reinvestigations). Following their outcomes, the EEC introduced 7 special protective measures – to restrict serious damage caused by a sharp increase in imports to the Union territory, and 20 antidumping measures to compensate the damage caused to industry sectors by unfair competition from foreign suppliers. As

of the end of June 2017, 6 antidumping investigations are being carried out, of which 4 are reinvestigations.

On July 6, 2010, the Customs Code of the Customs Union came into effect. A common regulation system in this area was launched in three countries. Normative documents on customs administration, including common rules for the declaration of goods, payment of customs duties and single customs procedures have been adopted. Common rules for determining the customs value and the origin of goods have been applied. A system of information and analytical support of the customs tariff and non-tariff regulation processes has been created. Due to the above measures, the number of documents required for registration of customs declarations has been significantly reduced. Common rules for declaration of goods in the Customs Union were formulated for business. The process of customs clearance has become more transparent, consistent and convenient for the participants of foreign economic activity.

In order to improve the efficiency of customs authorities, the information and reference list of checkpoints across the external border of the

¹ From February 2, 2012 the Eurasian Economic Commission operates instead of the CU Commission.

Customs Union has been adopted. In addition, implementation of compulsory preliminary information of the goods imported into the Customs Union by road and rail has been provided. The work on preparation of a similar decision for the goods transported by air has been conducted.

At this stage of integration, maintaining of the customs statistics of foreign and mutual trade of the Member States has been arranged. A single statistical portal on ten signs of the Commodity Nomenclature of the Foreign Economic Activity has been created. This allowed to fully understand the structure of export-import operations. As a result, the business of the Union countries was able to quickly track actions of unfair foreign competitors, providing strong arguments to the Commission for relevant investigations.

In mutual trade in the Customs Union, the procedure of levying indirect taxes was used. Practice for electronic data exchange on the amounts of indirect taxes paid between tax authorities of the three states was formed.

Agreement on Establishment and Application in the Customs Union of the Procedure for Transferring and Distributing Import Customs Duties (other Duties, Taxes and Fees Having Equivalent Effect) came into force. Under the Agreement, import customs duties paid in the territory of a Member State should be distributed between the budgets of the Union countries under specified standards.

From July 1, 2011, the customs control at the internal borders between Belarus, Kazakhstan and Russia has been fully removed. All types of control and registration were transferred to the external border of the Customs Union. The introduction of the single customs territory was completed. Goods and vehicles of the Customs Union and third states after their release for local use within the territory of any Member State began to freely move within the single customs territory.

The paid duties were distributed into the state budgets of the triad in compliance with following agreed breakdown:

Belarus

4.7%

Kazakhstan

7.33%

Russia

87.97%

By the end of 2011, contractual and legal framework of the Customs Union has been formed. At this stage, it included more than 70 international treaties and over 900 decisions of the Commission of the Customs Union.

Activities in the sphere of the technical regulation, sanitary, phytosanitary, veterinary measures, consumer rights protection including those aimed to design and adopt the technical regulations of the Customs Union and the interstate standards also were the most crucial focus area of the Union states at this stage. In fact, it is a key element in formation of a common market with no technical barriers, with unified requirements to safety of the goods and with a unified base of standards. A modern regulatory framework in the sphere of technical regulation contributes to improving the competitiveness of the products manufactured in the Union and on the world market.

The Eurasian Economic Commission that started to operate on February 2, 2012 was granted all the powers necessary in the field of the technical regulation, sanitary, phytosanitary and veterinary measures. By the end of 2012, the integration unit adopted 24 common technical regulations.

At the stage of the Customs Union, the legal foundations for successful development of other areas of activities were laid. It gave the possibility to smoothly move to the next stage of integration – the Common Economic Space.

What does the Common Economic Space stand for?

The Common Economic Space (CES) is an integration stage that provides for freedom of movement of goods, services, capital and labour. Therefore, creation of conditions favourable for the principle of free movement of services, capital and labour and also elimination of the rest of exemptions preventing free movement of goods were determined to be the main goals of economic integration at the stage of CES construction.

In order to implement the integration processes envisaged in the near future, an important area of work at the stage of the Common Economic Space introduction was codification of international treaties forming the Customs Union and the Common Economic Space. This included, in particular, preparation for the signing by the Presidents of the Member States of the draft Treaty on the Eurasian Economic Union.

The CES has been formed gradually, by increasing the level of integration, through synchronization of economic transition made by the Member States, cooperative efforts in conducting an agreed economic policy, harmonization and unification of legislation in economy, trade and other areas. The work was conducted with respect to the generally recognized norms and principles of international law, as well as the expertise of the world's best legal practices.

On December 19, 2010, by the decision of the supreme body of the Customs Union, an Action Plan for the introduction of the Common Economic Space of Belarus, Kazakhstan and Russia was adopted. According to the said Action Plan, a number of relevant international treaties were signed by the Heads of the Member States. A year later, on January 1, 2012, by the decision of the Supreme Eurasian Economic Council, 17 basic international treaties forming the Common Economic Space were put into effect. In 2013, another treaty was signed.

During the formation of the CES the work in the field of customs, trade and technical regulations that prevailed at the stage of the CES formation was continued. The area of cooperation between the member states of the integration project on ensuring full-fledged freedom of movement

of services, capital and labour was expanded.

Systematic work to identify and eliminate exemptions from the free trade regime was carried out. This work was launched by the Eurasian Economic Commission in 2013 on behalf of the Heads of the Member States of the Customs Union and the Common Economic Space.

Consistent and comprehensive work was conducted in the sphere of technical regulation, sanitary, veterinary and phytosanitary measures, as well as in the development and adoption of technical regulations and interstate standards. Active development of technical regulations governing product safety of the Union countries and its processes related thereto continued. An increasing number of goods circulating in the Customs Union and the Common Economic Space became safer, their quality improving.





Development of coordinated policies in the most important economic sectors was launched. macro-economic, transport, energy, agriculture, foreign exchange and migration policies, as well as policies in the spheres of economics, such as financial markets, intellectual property.

The leaders of Belarus, Kazakhstan and Russia approved the first programme document in the field of macroeconomic policy – Main Guidelines of Macroeconomic Policy of the Member States of the Customs Union and the Common Economic Space for 2013–2014. The document was prepared based on the analysis of the social and economic development of these states, their main external risks and internal confinements in order to ensure sustainable economic growth. It identified key targets of macroeconomic policy of the Member States in the short term. These included support of the macro economic resilience, creation of conditions for consistent economic growth by a deeper cooperation in the real economy sectors and evolution of the credit

and financial system. Work in both of these areas includes directions that unfold the potential of the Eurasian economic integration, the best practices applied in the Member States of the CU and CES, and also the cutting edge global experiences in these fields.

Forming of a coordinated (agreed) transport policy of the CU and CES has been started. Its realization will contribute the development of a complex for transport and logistic as well as creation of common markets for transport services and a single transport space.

The Concept and the Programm on forming common gas, oil and oil products markets were approved. The Agreement on the Methodology of forming indicative (forecast) balances of gas, oil and oil products within the EAEU came into force. Conducting a coordinated (agreed) energy policy will ensure a steady growth of the national economies and energy security of the states, protect the interests of consumers and producers of energy resources. It also aims to increase the economic

efficiency and reliability of the energy complex, to optimize the use of primary energy resources and to increase non-resource export potential.

A similar job was done in the sphere of industrial policy, i.e. in May 2013 the Supreme Eurasian Economic Council at the prime-minister level adopted the Decision “On main directions to coordinate the national industrial policies of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation”. This document established a concept of the industrial policy within the CES, defined the main areas of industrial cooperation between the Member States as well as the tracks on cooperation with the Business Dialogue of Belarus, Kazakhstan, Russia and the representatives of the business communities of the parties. It was also defined a list of priority economy sectors for an industrial cooperation within the CU and CES.

The key provisions of the decision were further elaborated and developed in the Main Directions of Industrial Cooperation approved by the Intergovernmental Council, which defined the strategy and principles for the development of industrial cooperation within the EAEU for the mid-term.

We expect to see the following results of the agreed (coordinated) policy on agriculture: creation of transparent conditions for bilateral trade, increase of self-sufficiency of the common agricultural product and food market based on the coordinated development of its national segments, as well as strengthening export potential of agroindustrial complex.

Supra-national coordination conducted by the Commission on the basis of interaction with the authorized authorities of the

member states of the CU and the CES contributed at this stage to stimulation of the agricultural product markets development. It was a question of maintaining a level playing field in production of and trade in agro-food products, in the use of resources of agricultural production to improve the income of producers, the availability of food for consumers.

The Eurasian Economic Commission in a close dialogue with the business representatives and the expert community of the integration association member states was working on development of entrepreneurship in the Union countries and creation of a fully-featured domestic market of financial

services in banking, insurance and securities market. The work on liberalization of relations in the framework of the Eurasian project in the sphere of investment and on creation of a common market of services was conducted. For the purposes of, among other things, achieving the free circulation of services, capital and labour a number of basic agreements in the sphere of intellectual property and labour migration was developed. At this stage of integration, in accordance with the decision of the Supreme Eurasian Economic Council of December 24, 2013, the Commission was empowered to monitor compliance with common competition rules in the transboundary markets of the

CU and the CES, which entered into force after ratification of the Agreement "On the Procedure for Confidential Information Protection and Liability for its Disclosure in the implementation by the Eurasian Economic Commission of the authority to monitor compliance with common competition rules" in May 2015.

The work on deepening integration between the participants of the Eurasian economic project made at the stage of introduction of the Common Economic Space allowed the Member States of the Customs Union and the Common Economic Space to create conditions to establish the Eurasian Economic Union.

What does the Eurasian Economic Union stand for?

The Eurasian Economic Union (EAEU) is an international organization of regional economic integration, under which freedom of movement of goods, services, capital and labour is provided for.

updated, gaps were filled, and a single conceptual framework was formed. The Treaty included rules and regulations of the EurAsEC that meet the goals and objectives of the Union to ensure freedom

of movement of goods, services, capital and labour. Provisions of the contractual and legal framework of the CU and the CES were brought into conformity with the WTO rules and regulations.

The Treaty on the Eurasian Economic Union was signed on May 29, 2014 at a session of the Supreme Eurasian Economic Council in Astana and entered into force on January 1, 2015. The Treaty on the Union is a legal and regulatory basis for the functioning of the EAEU. This is a single core document developed by taking into account the best international practices.

In developing the Treaty on the EAEU, the work on systematization of international treaties concluded within the framework of the CU and SES was conducted: contradictions were excluded, existing rules were optimized and





The Treaty contributes to free movement of goods, services, capital and labour, a coordinated, agreed or common policy in the economic sectors stipulated in the Treaty and international agreements within the Union.

The Eurasian Economic Union was founded on the principles of international law which, among others, include a principle of sovereign equality of the member states, respect to the specifics of the political set-up of the members to the association, ensuring the mutual benefit in the cooperation, observing the market economy principles and its functioning (as a rule) without exemptions and restrictions.

The Union is an international organisation of regional economic integration and has international legal personality. Previously, the Customs Union and the Common Economic Space functioned within the institutional framework of the Eurasian Economic Community (EurAsEC) only. Thus, the Eurasian

Economic Union is becoming a significant element of the global economic architecture. The Treaty stipulates that the Union has the right to perform, within its jurisdiction, international activities aimed at addressing the challenges faced by the Union. The Union can cooperate with states, international organisations and international integration associations. Jointly with the Member States, the Union can also conclude international treaties with the above organisations on any matters within its jurisdiction.

Rules on the correlation of the Treaty on the EAEU with other international agreements of the Member States, on its registration in the UN Secretariat, provisions on the accession to the Treaty and withdrawal from it, as well as provisions on observers at the Union were adopted.

From the point of increasing the level of transparency, balance and quality of the supranational regulation and developing the

institutional measures to improve the business climate, it is extremely important for the new internal procedure of assessing the regulatory impact of draft decisions by the Eurasian Economic Commission that might affect the environment of entrepreneurial activity to be fixed in the Treaty on the EAEU.

The Principle of four “freedoms” as a fundamental principle of the Union’s operation enshrined the refusal to apply safeguard measures for domestic market in mutual trade. Completion of the formation of the single goods, services, capital and labour market is the purpose of the Eurasian integration at this stage, which is characterized by a deeper integration as compared to the Customs Union and the Common Economic Space.

Work is proceeding on elimination of barriers, exceptions and limitations. Particularly, from the date entry into force of the Treaty on the EAEU, 81 obstacles were eliminated. As part of this work,

the Commission published in March 2017 the White Paper, a report that reflects the results of the EEC work aimed at removing barriers, exceptions and restrictions for the implementation of the four “freedoms” in the internal market of the Union. Methodological approaches to the classification of obstacles are indicated, specific examples of their elimination are described, and priorities for further activities in this direction are outlined.

The Treaty on the EAEU defines the legal basis of a single market of services. A common market condition predisposes a non-application of restrictions measures and a national regime to services, as well as preferential treatment towards entrepreneurs from the other member states. There is also automatic recognition of authorization documents and qualification requirements of entities' stuff. In addition to it, services are provided within the territory of the Union without an additional establishment of legal entity.

From January 1, 2017, import customs duties are distributed between the budgets of the EAEU Member States under the following standards:

Republic of Armenia –

1.220%

Republic of Belarus –

4.560%

Kazakhstan –

7.055%

Kyrgyz Republic –

1.900%

Russian Federation –

85.265%

The leaders of the Union countries agreed to conduct a coordinated policy in the field of energy and to establish common markets for electric power, gas, oil and oil products. The Treaty on the EAEU provides for this task to be implemented in several stages and finally performed by 2025: establishment of a common energy market of the Union and ensuring access to services of natural monopoly entities in the electricity sector is expected to be completed by 2019, common gas, oil and oil product markets – by 2025.

The Treaty established general provisions for conducting technical regulation in the EAEU. Thus, one of its main principles is the establishment of unified binding requirements for products and related processes (from design and production to disposal). Such requirements are established in the technical regulations of the Union. By July 2017, the list of adopted technical regulations of the Eurasian Economic Union included 44 documents, 35 of which entered into force. The number of standards contained in the lists to the technical regulations of the EAEU exceeded 11,000.

The Treaty defined development of common markets of medicines and medical products in the EAEU space. The documents necessary for launching their operation were completed in 2016. They are based on a set of important principles, including harmonization and unification of the requirements of national legislation, ensuring the unity of mandatory quality requirements, efficiency and safety of medicines and medical products, adoption of common rules for their circulation, etc. The main mechanisms of the common markets were launched in May 2017, which became a socially significant event and allowed eliminating unnecessary administrative





barriers to free movement of quality and affordable medicines and medical products in the Union. Common markets operate on the basis of the decisions of the Commission that establish, among other things, common rules for registration, research, and other rules and requirements governing individual stages of circulation of medicines and medical products. In May 2017, the Commission Council approved a list of the “third level” regulations on the common markets of medicines and medical products within the Union, which provides for approval by the Commission of another 25 documents in 2017–2019.

The EAEU Customs Code is a unified set of rules for execution of foreign economic activity in the Union, a progressive document promoting simplification of customs formalities and, as a consequence, improvement of the business climate.

In 2016, a large-scale work on the draft Customs Code of the EAEU was completed, which was conducted by the Commission

and public authorities together with the business community of the Union countries. The EAEU CC is one of the key documents constituting the regulatory legal framework of the Union. The Treaty on the Union stipulates that the association should have unified customs regulation under the EAEU CC and international treaties covering the scope of the customs regulation.

The new Customs Code is focused on paperless workflow and the use of modern software and hardware at all stages – from filing a declaration to the release of goods. This will significantly save the resources of the business community, accelerate the process of customs clearance and minimize the contact of foreign trade operators with officials.

The Treaty on the Customs Code of the EAEU was signed on April 11, 2017, and currently internal procedures are being implemented in the countries of the Union. The Code should come into force on January 1, 2018.

The Treaty on the EAEU defines main priorities and tasks of coordi-

nated (agreed) transport policy of the Member States of the EAEU to maintain economic integration, stepwise formation of the common market for transportation services and the single transport space on the principles of competition, transparency, safety, reliability, accessibility and ecology.

In December 2016, the Heads of the Union States approved a strategical document – the Main directions and steps of the coordinated (agreed) transport policy. Its implementation will help to cancel limits for any transportation in the EAEU until 2025.

An agreement was reached on formation and implementation by the Member States under the coordination of the EEC of an agreed agroindustrial policy. Forecasting in the agroindustrial complex, state support for agriculture, regulation of the common agricultural market, uniform requirements for product manufacture and circulation, development of agricultural products and food exports, scientific and innovative development of the agroindustrial complex, as well as integrated information support for agroindustrial complex are main directions of the agreed agroindustrial policy.

It is important that the implementation of policies in other areas of integration cooperation, including sanitary, phytosanitary and veterinary and sanitary measures in respect of agricultural products, be carried out taking into account the objectives, tasks and directions of the agreed agroindustrial policy. It is aimed at ensuring the development of the agroindustrial complex and rural areas in the interests of citizens of each Member State and the Union as a whole, as well as economic integration within the EAEU.

In accordance with the Treaty on the EAEU, this activity involves

development of measures and mechanisms of interstate cooperation to deepen integration processes and the sustainable development of agroindustrial complex.

With regard to industrial policy, the Treaty substantially expands the contractual and legal framework of the CU and the CES, which earlier only regulated issues of providing industrial subsidies. Goals, objectives, principles and mechanisms of industrial cooperation in the Union have been defined. It is also provided that when developing and implementing policies in trade, customs and tariff regulation, competition, technical regulation, business development, transportation and infrastructure, in state procurement and other areas, the interests of industrial development of the Member States shall be taken into account.

In accordance with the Main Directions of Industrial Cooperation within the EAEU adopted by the Heads of Governments, the industrial policy implemented in the Union is focused on joint development by the Member States of new types of export-oriented products, including by deepening cooperation, increasing localization of production and promoting import substitution; creation of new production chains and innovative industrial sectors; production modernization in traditional industries; building-up jointly manufactured high-tech products export. For these purposes, the Treaty provides for and has already implemented tools and mechanisms, such as the Eurasian technology platforms, the Eurasian Subcontracting Network and the Eurasian Technology Transfer Network.

To maintain regulation and development of the common financial market of the Union, it has been

planned a creation of supranational instrument in 2025. The Member States shall determine its powers and functions after the termination of the gradual harmonization of legislation.

The effective functioning of the EAEU is impossible to imagine without conducting the coordinated macroeconomic policy, which provides for the development and implementation of joint actions of the EAEU Member States in order to achieve balanced economic development. The Treaty on the EAEU stipulates that the main directions of the coordinated macroeconomic policy include formation of the common principles of functioning of the economy of the Member States, providing their effective cooperation, development of common principles and guidelines for the prediction of socio-economic development of the parties.

The Treaty enshrines the principles for formation and communication of official statistical information of the Union. In addition, the Treaty provides for vesting the Commission with the powers, such as development and approval of the methodology for compiling official statistical information of the Union on the basis of the official

data from the Member States, as well as elaboration in cooperation with their authorised authorities and adoption of the integration development program in statistics sector.

The Treaty brings the countries of the Union to a qualitatively new level of cooperation in the field of labour migration. In order to expand the possibilities for employment, citizens of the Member States have an opportunity to work not only under an employment contract, but also under a civil law contract. In addition, no restrictions established by the legislation of the Member States in order to protect the national labour market are applied.

The issues of direct recognition of education and qualification certificates without any additional procedures and the procedure for recognition of academic degrees and ranks have been formalized.

Currently the Commission in cooperation with the competent authorities of the Member States is actively working on a Contract on Pension Provision of Workers of the Member States. After its signing, the Union citizens will be able to receive pensions for the period of their employment





from the Member State, where they worked. All the pension rights acquired in the Union Member States shall be considered in assigning and paying the pension.

The rule for provision of full scope of social insurance for employees and their family members that are implemented under the same conditions and in the same manner as for the citizens of the state of employment is of great importance. In addition, employees and their family members have the right to receive free emergency medical care and rescue emergency care in their territories in accordance with the same procedure and under the same conditions as to the nationals of the state of employment.

In respect of taxes and taxation, it is provided that the Member States of the Union define areas of cooperation in the tax policy for harmonization and improvement of tax legislation, including the mechanism for collection of indirect taxes in performance of works, rendering services, convergence of rates on the most sensitive excisable goods. The principle of non-discrimination lies at the heart of the arrangements. It will make it possible to prevent

unfair price competition in mutual trade in goods and services.

As regards the government (municipal) procurement, the Treaty, maintaining the provisions of the CU and the CES on equal national treatment, clearly establishes that this treatment is available to the Member States. At the same time, the Union will expand the number of methods of procurement. In particular, the request for proposals will be introduced. It gives the possibility to select the best proposal not only by price, but also by other criteria: for example, the time period of work execution, quality of works (qualification of bidders).

For the first time, the parties started to pursue an agreed policy in the Union in respect of consumer protection. Previously, the contractual and legal framework of the CU and the CES did not include such provisions. The Treaty on the EAEU stipulated that this policy is aimed at creating equal conditions for citizens of the Member States to protect their interests against unfair activity of business entities of the Union. It was determined that citizens of the Member States and other people who live there enjoyed

the same legal protection in all EAEU countries.

Apart from the content of industry, in the development of the Treaty on the EAEU the tasks of creating the institutional framework of the Eurasian Economic Union were present. The Treaty lays down the structure of permanent bodies of the Union. The Union management bodies system is based on a collective form of decision-making. The main body of the Union is the Supreme Eurasian Economic Council (SEEC), which is composed of the Heads of the Member States. SEEC sessions are held at least once a year. The Supreme Council determines the strategy, directions and prospects for the formation and development of the Union and makes decisions aimed at implementing its objectives. At least twice a year the Eurasian Intergovernmental Council (EIC) at the level of Heads of Government is summoned. At the proposal of the EEC Council, the Council considers any issues for which no consensus was reached during decision-making in the Council session.

The permanent supranational regulatory body of the Eurasian Economic Union is the Eurasian Economic Commission. It is a kind of a supra-national government, with its headquarters in Moscow, where national authorities have transferred some of their powers. The Commission acts in the interests of no particular state, but combines and coordinates the interests of all the Member States of the Union, as the European Commission in Brussels. However, the basic principle of operation is different from the European one – the EEC provides for the principle of equality of the Member States, irrespective of economic power, territory and population.

The Commission includes the Council and the Board. The Council consists of one Vice Prime Minister of each party, decisions are taken by consensus. In the Board, each state is represented by two members, decisions are taken by a qualified majority or by consensus.

The Commission's decisions have a direct effect on the territories of the Member States of the Union. They do not require additional approval at the national level.

The Commission has broad powers necessary for the implementation of the Treaty on the Union.

The judicial branch is represented by the Court of the Union. Before

creation of an independent judicial authority, issues of dispute resolution in the framework of the Customs Union were settled in the EurAsEC Court. The purpose of the Court of the EAEU is to ensure the uniform application by the Member States of international treaties in the framework of agreements concluded with third parties, and decisions taken by the Union bodies. The headquarters of the EAEU Court is located in Minsk.

In 2015, the Republic of Armenia and the Kyrgyz Republic, which led the preparatory work since 2012, accessed to the Treaty on the Union. In terms of the content and the degree of integration the Eurasian Economic Union is the second example of an economic union in the world practice after the European Union.

Thus, on January 1, 2015 a new stage of development of the Eurasian economic integration has begun. Launching the fully functioning Eurasian Economic Union represents not only fixation of a de facto deeper level of economic integration within the Eurasian space in comparison with the stages of the Customs Union and the Common Economic Space, but also assertion of legitimate strategy for the further integration development.



INSTITUTIONS OF EURASIAN ECONOMIC INTEGRATION

In 2012–2015, effective institutional framework of the Eurasian economic integration was formed: The Eurasian Economic Commission with its headquarters in Moscow, the Court of the Eurasian Economic Union located in Minsk. By 2025, it was decided to establish a financial regulator that will be located in Almaty.

THE EURASIAN ECONOMIC COMMISSION (EEC) IS A PERMANENT SUPRANATIONAL REGULATORY BODY OF THE EURASIAN ECONOMIC UNION

EEC

DATE OF STARTING OPERATION

2 February 2012

PLACE OF LOCATION

Moscow (the Russian Federation)

The first supra-national regulatory body in the history of the Eurasian economic integration process

OPERATED BASED ON:

Regulations on the Eurasian Economic Commission (Annex No. 1 to the Treaty on the EAEU).

MAIN OBJECTIVES OF THE COMMISSION

enabling conditions for operation and development of the Union, as well as developing proposals in the area of economic integration within the Union.

THE COMMISSION SHALL CARRY OUT ITS ACTIVITIES BASED ON THE FOLLOWING PRINCIPLES:

- ensuring mutual benefit, equality and respect for the national interests of the Member States;
- economic justification of the decisions adopted;
- openness, transparency and objectivity (Annex No. 1 to the Treaty on the EAEU, the Statute on the Eurasian Economic Commission).



THE COURT OF THE EURASIAN ECONOMIC UNION IS A PERMANENT JUDICIAL BODY OF THE EURASIAN ECONOMIC UNION

DATE OF STARTING OPERATION

January 1, 2015

PLACE OF LOCATION

Minsk (the Republic of Belarus)

OPERATED BASED ON

The Statute of the Court of the Eurasian Economic Community (Annex No 2 to the Treaty on the EAEU)

The purpose of the Court's activity shall be to ensure the uniform application by the Member States and the Union Bodies of the Treaty, international treaties in the framework of the Union, international treaties of the Union with Third Parties and decisions of the Union Bodies.

The Court shall include two judges from each Member State, the term of office for each of them is nine years.

The Chairman of the Court and the Vice-Chairman shall be elected to their positions from among the judges of the Court by Court judges in accordance with the Rules subject to approval by the Supreme Eurasian Economic Council.

The Chairman of the Court and the Vice-Chairman may not be nationals of the same Member State.

Status, composition, competence, procedure for formation and functioning of the Union Court shall be determined by the Statute of the Court of the Eurasian Economic Union.

The Court shall consider disputes arising from the implementation of the Treaty, international treaties within the Union and (or) the Union Bodies' decisions, upon a request of a Member State or upon a request of a business entity (Annex No. 2 to the Treaty on the Eurasian Economic Union, the Statute of the Court of the Eurasian Economic Union).

The procedure of taking the oath by the judges – February 10, 2015.

Chairman of the EAEU Court since 2015 – Alexander Fedortsov (Republic of Belarus).

Since January 1, 2018 Baishev Zholymbet Nurahmetovich will take over the position of Chairman of the EAEU Court.



THE FINANCIAL REGULATOR OF THE EURASIAN ECONOMIC UNION

DATE OF STARTING OPERATION

Creation of the EAEU Financial Regulator is scheduled for 2025

PLACE OF LOCATION

The place of location of Financial Regulator shall be Almaty (the Republic of Kazakhstan)

MANAGEMENT BODIES OF THE EURASIAN ECONOMIC UNION

THE SUPREME EURASIAN ECONOMIC COUNCIL



**President
of the Republic
of Armenia**

Serzh
Sargsyan



**President
of the Republic
of Belarus**

Alexander
Lukashenko

THE EURASIAN INTERGOVERNMENTAL COUNCIL



**Prime Minister
of the Republic
of Armenia**

Karen
Karapetyan



**Prime Minister
of the Republic
of Belarus**

Andrei
Kobyakov

THE EURASIAN ECONOMIC COMMISSION COUNCIL



**Vice Prime
Minister,
the Minister
of International
economic
Integration
and Reforms
of the Republic
of Armenia**

Vache
Gabrielyan



**First Deputy Vice
President
of the Republic
of Belarus**

Vasily
Matyushevskiy



**President
of the Republic
of Kazakhstan**

Nursultan
Nazarbayev



**Prime Minister
of the Republic
of Kazakhstan**

Bakytzhan
Sagintayev



**First Deputy
Prime Minister
of the Republic
of Kazakhstan**

Askar
Mamin



**President
of the Kyrgyz
Republic**

Sooronbay
Zheenbekov



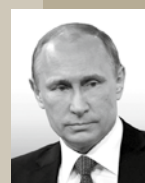
**Prime Minister
of the Kyrgyz
Republic**

Sapar
Isakov



**First Vice-Prime
Minister of the
Kyrgyz Republic**

Tolkunbek
Abdygulov



**President
of the Russian
Federation**

Vladimir
Putin



**Prime Minister
of the Russian
Federation**

Dmitry
Medvedev



**First Deputy
Prime Minister
of the Russian
Federation**

Igor
Shuvalov

THE BOARD OF THE EURASIAN ECONOMIC COMMISSION



**TIGRAN
SARGSYAN**

**CHAIRMAN OF THE
BOARD OF THE
EURASIAN ECONOMIC
COMMISSION**



**TATYANA
VALOVAYA**

**MEMBER OF THE
BOARD – MINISTER IN
CHARGE OF INTEGRATION
AND MACROECONOMICS**



**TIMUR
ZHAKSYLYKOV**

**MEMBER OF THE BOARD –
MINISTER IN CHARGE OF
ECONOMY AND FINANCIAL
POLICY**



**SERGEY
SIDORSKIY**

**MEMBER OF THE
BOARD – MINISTER IN
CHARGE OF INDUSTRY
AND AGRICULTURE**



**MARAT
KUSAINOV**

**MEMBER OF THE
BOARD – MINISTER
IN CHARGE OF
COMPETITION AND
ANTITRUST
REGULATION**

THE EEC BOARD

THE EEC DEPARTMENTS

THE ADVISORY BODIES UNDER THE EEC BOARD

- The Organizational Support and Protocol Department
- The Finance Department
- The Legal Department
- The Administrative Department

- The Integration Development Department
- The Macroeconomic Policy Department
- The Statistics Department

- The Financial Policy Department
- Business Development Department
- The Labour Migration and Social Security Department

- The Industrial Policy Department
- The Agricultural Policy Department

- The Antitrust Regulation Department
- The Competition and Public Procurement Policy Department

- The Advisory Committee for Statistics
- The Advisory Committee for Macroeconomic Policy

- The Advisory Committee for Migration Policy
- The Advisory Committee for Tax Policy and Tax Administration
- The Advisory Committee for Intellectual Property
- The Advisory Committee for Entrepreneurship
- The Advisory Committee for Financial Markets
- The Advisory Committee for Social Security, Compliance with Pension Rights, Health Care Provision and Professional Activities of Working Population of the EAEU Member States

- The Advisory Committee for Industry
- The Advisory Committee for Agriculture

- The Advisory Committee for Competition and Antimonopoly Regulation, Price Controls and Governmental (Municipal) Procurement



**VERONIKA
NIKISHINA**

**MEMBER OF THE
BOARD – MINISTER IN
CHARGE OF TRADE**

- Tariff and Non-tariff Customs Regulation Department
- Department for Internal Market Defence
- The Trade Policy Department

- The Advisory Trade Committee



**VALERY
KORESHKOV**

**MEMBER OF THE
BOARD – MINISTER
IN CHARGE OF
TECHNICAL
REGULATION**

- The Technical Regulation and Accreditation Department
- The Sanitary, Phytosanitary and Veterinary Measures Department

- The Advisory Committee for Technical Regulation, Sanitary, Veterinary and Application of Phytosanitary Measures
- The Advisory Committee for Consumer Rights



**MUKAY
KADYRKULOV**

**MEMBER OF THE
BOARD – MINISTER IN
CHARGE OF CUSTOMS
COOPERATION**

- Department of Customs Legislation and Law Enforcement Practice
- The Customs Infrastructure Department

- The Advisory Committee for Customs Regulation
- The Advisory Committee for Interaction of Regulatory Bodies at the Customs Border of the Eurasian Economic Union



**ADAMKUL
ZHUNUSOV**

**MEMBER OF THE
BOARD – MINISTER IN
CHARGE OF ENERGY AND
INFRASTRUCTURE**

- The Transport and Infrastructure Department
- The Energy Department

- The Advisory Committee for Oil and Gas
- The Advisory Committee for Electric Power
- The Advisory Committee for Transport and Infrastructure
- The Advisory Committee for Natural Monopolies



**KARINE
MINASYAN**

**MEMBER OF THE
BOARD – MINISTER IN
CHARGE OF INTERNAL
MARKETS,
INFORMATION
SUPPORT,
INFORMATION &
COMMUNICATION
TECHNOLOGIES**

- The Information Technologies Department
- The Domestic Markets Operation Department

- The Advisory Committee for Information Support, Information and Communication Technologies and Information Security
- Advisory Committee for Domestic Markets Operation

ACTIVITY AREAS OF THE EURASIAN ECONOMIC COMMISSION



Chairman of the Board

Tigran Sargsyan

The Chairman of the Commission Board shall organise the activities of the Board of the Commission and bear responsibility for the exercise of its functions. The Chairman of the Board of the Commission shall be appointed by the Supreme Council for a term of 4 years on a rotational basis, without the right of prolongation.



Member of the Board –
Minister in charge of Integration
and Macroeconomics

Tatyana Valovaya

Key Trends in Integration

The Eurasian Economic Union was created with the purpose of forming and developing a common Eurasian economic space – that is, for the implementation of the tangible benefits created by the freedom of movement of goods, services, capital and labour in the territory that is much larger than each individual country, which became a member of the Union.

Further deepening and development of economic integration in the Union is priority for the Eurasian Economic Commission.

The Integration Development Department carries out this work in several areas. First of all, it is:

- improvement of the rules of the Treaty on the EAEU of May 29, 2014 and development of the Union law;
- implementation of Main Directions for International Activities of the EAEU and elaboration of the proposals for the Union external relations development;
- analysis of prospects and abilities for inter-regional cooperation expansion with partners,

including under implementation of the idea of «integration of integrations» and the concept of a Comprehensive Continental Eurasian Partnership;

- international positioning of the EAEU and promotion of objective perception of the Union in the international community;
- monitoring of the current situation on the main directions of the integration of the Union and analysis of the need and possibility to develop, enhance and expand the integration cooperation.

Work in order to improve the provisions of the Treaty on the EAEU is carried out within the respective Consolidated Working Group with participation of plenipotentiary representatives of the Member States and the EEC, including taking into account the provisions of the Report on the implementation of the Main Directions of integration within the Union.

The Report is issued annually and includes both the analysis of the present phase of integration and proposals on deepening and development of integrational processes.

On the external track, the EEC activities are developing in

the following areas: contacts with foreign governments; cooperation with regional economic integration associations; contacts with specialized international organizations, including the UN organizations. The following main formats of international cooperation have emerged: preferential and non-preferential trade agreements and memoranda of cooperation and other international regulations. Activities of joint working groups established under memoranda of understanding or cooperation between the EEC and foreign governments are ensured and coordinated.

Macroeconomics

In accordance with the Treaty on the Eurasian Economic Union of May 29, 2014, at the supranational level an agreed macroeconomic policy is conducted.

Coordination of macroeconomic policy is due to creation in the EAEU of the common economic space, i.e., a common market for goods, services, labour and capital, where national borders do not play a significant role in economic terms any more. Due to the fact that the economy is mainly regulated at the national level, through an

agreed macroeconomic policy, problems related to compatibility of integration goals of the Union and national development objectives of the Member States, rise of “competition of policies” and maintenance of economic sustainability of the union as a whole are being solved.

The Treaty on the Union identified the following elements of an agreed macroeconomic policy of the Member States.

1. Compliance by the Member States with quantitative values of indicators that determine the sustainability of their economic development (included in the Treaty on the Union): the annual consolidated budget deficit of the public government sector; the public government sector debt; the rate of inflation.

The Eurasian Economic Commission together with the Member States are empowered to take measures aimed at stabilizing the economic situation

and ensuring compliance with the quantitative values of macroeconomic indicators.

2. Consideration by the Member States of the Main Guidelines of the macroeconomic policy. This document identifies the most important challenges for the Union’s economy in the short and medium term.

3. Consideration by the Member States of the Main Direction for Economic Development of the Union until 2030. It is a comprehensive strategy document defining the goals, objectives of economic development of the Union, directions, where cooperation could have a positive impact on the competitiveness of the Member States, as well as the criteria for determining areas of the economy that have potential for integration. Implementation of the Main Directions for Economic Development must ensure that each Member State gets an additional economic benefit and accelerate (simplify) achieving

national strategic goals by the effects of “trade creation”, effect of “economies of scale”, “synergy”, “a common market”, etc.

4. Formation by the Member States of forecasts for social and economic development based on the agreed interval quantitative values of external parameters.

Statistics

Operational and open access to statistical data is one of the factors contributing to increasing the competitiveness of the economies of the EAEU countries, and improving the investment climate in the Eurasian Economic Space. The Commission’s activities in statistics contribute to the openness of integration processes in their statistical measurement. The Commission is working to support the integration process with diverse and timely statistical information and analytic materials on the socio-economic development of the EAEU Member States.



Member of the Board –
Minister in charge of Customs Cooperation

Mukay Kadyrkulov

Customs Cooperation

An important factor in the sustainable development of the Eurasian Economic Union is the effective foreign economic activity. Creating favourable conditions for the business environment and entrepreneurial activity, customs regulation is one of the factors stimulating economic development of the EAEU countries. Thus, the main long-term goal is to create simple and effective mechanisms of customs administration for entrepreneurs. The measures developed and undertaken are aimed at creating equal competitive conditions for carrying out foreign economic activities throughout the Union.

The competence of the Commission's customs unit includes a wide range of issues of customs regulations. It includes various aspects of the legal regulation of relations connected with the movement of goods across the customs border of the Union, their transportation within the EAEU under the customs control, temporary storage, customs declaration, release and use in accordance with the customs procedures, conduct of customs control, customs payments.

At this stage of integration relations development, the

following priority areas of work of the customs unit of the Eurasian Economic Commission may be specified:

- development and improvement of the EAEU customs legislation, and ensuring a uniform practice of its application;
- development of advanced technologies within the common customs territory of the Union, such as the "single window" mechanism in the system of foreign economic activity regulation of the EAEU Member States, the institute of authorized economic operator, foreign trade operators identification systems, etc.;
- development and improvement of customs information technologies and common processes within the EAEU, providing for information exchange between customs and other government bodies, as well as with foreign trade operators;
- reengineering of the traditional practices of execution and regulation of foreign economic activity on the territory of the EAEU through the transition to electronic communication, development and implementation of structures and formats of electronic documents and data in electronic form used for customs purposes;
- cooperation with the World Customs Organization and other international specialized institutions; study and analysis of global best practices, advanced international developments aimed at the simplification of customs rules and procedures, as well as at increasing efficiency of customs control in execution of foreign economic activity with a view to their further introduction into the practice of the EAEU;
- ensure cooperation between the EEC and business associations of the EAEU Member States in the framework of the Advisory Committee for Customs Regulation and the Advisory Committee for Regulatory Authorities Cooperation at the customs border of the EAEU;
- arrangement of information exchange between the customs bodies of the EAEU Member States and other countries;
- maintenance of the environment for operation, development, and elaboration of common approaches to placement, construction, reconstruction, maintenance and technical equipping of places of goods movement through the EAEU customs border, free (special) economic areas, temporary storage warehouses, bonded warehouses, duty free shops, office buildings.



Member of the Board –
Minister in charge of Trade

Veronika Nikishina

Trade

Today, the efforts of regulators in the field of trade should be focused on creating conditions for export expansion, inclusion of domestic products in global value chains and formation of own production chains. Through incentive of export oriented production, products that are competitive at international markets, the set task of import substitution without technological conservation is also solved.

Accordingly, the trade unit of the Eurasian Commission faces a number of challenges: increasing the competitiveness of the EAEU goods, facilitating access to the markets of third countries, forming joint policies and practices to promote goods of the Union.

To improve the competitiveness of products of the EAEU countries, it is important to ensure the efficiency of production, the availability of necessary raw materials and intermediate goods. It is necessary to reduce costs of manufacturers and the net cost of finished products, to stimulate the development of technologies in the Union, to support exports and international cooperation.

Therefore, the Commission is constantly working on “fine-tuning” of the customs tariff, for example, lowering customs duties for components, raw materials, equipment. Conclusion of free trade agreements also facilitates achieving this goal.

The Commission continues to work on the application of reasonable and appropriate measures to protect the domestic market and to combat anti-competitive practices of trade partners from third countries.

For the purpose of expanding the access to the markets of third countries, the Commission is developing trade regimes with priority partners.

A range of free trade agreements is being concluded. The Free Trade Area (FTA) Agreement with Vietnam entered into force on October 5, 2016.

In 2015-2016, the decisions were taken to launch negotiations on concluding similar agreements with Egypt, Israel, India and Singapore, to unify preferential trade regime with Serbia, to transit to a preferential trade regime with Iran.

The first round of negotiations on the Agreement on Trade and Economic Cooperation between the EAEU and the People's Republic of China was held in September 2017. As a result an understanding on principal completion of the negotiations on the substance of the agreement was reached.

Work on linking the Eurasian Economic Union and the Silk Road Economic Belt is in progress.

The Commission is developing a set of measures to promote exports within the Treaty on the EAEU, which will be used in conjunction with the countries of the Union. It is necessary to establish mechanisms for joint insurance and crediting of export, to support and promote cooperation products of the Union, to conduct marketing campaigns, to create a system of voluntary certification.

Moreover the EEC is developing an effective mechanism of monitoring and elimination of restrictive measures against goods of the EAEU countries imposed by third countries.



Member of the Board –
Minister in charge of Technical Regulation

Valery Koreshkov

Technical regulation

The task of the area is to create a modern regulatory framework in the field of technical regulation, to form the appropriate conditions for ensuring the safety of products in the EAEU Member States' markets and increasing business competitiveness and living standards of the Member States' population. The technical regulation is the basis for providing the safety of product throughout their life cycle. The mechanisms laid down in it allow eliminating many barriers to trade, thus ensuring freedom of movement of goods. Problems of technical regulation within the EAEU lie in three interrelated planes covering legal regulation of relations in the field of establishing, application and implementation of mandatory requirements for products and production processes, installation, commissioning, operation, storage, transportation, marketing and disposal; in the field of application of voluntary standards aimed at the implementation of such requirements; in the field of assessment of products for compliance with technical regulations of the Eurasian Economic Union.

The objectives of development and adoption of technical regulations are assurance within the common customs territory of

the protection of life and health of people, property, environment, life and health of animals and plants, prevention of actions misleading consumers, and assurance of energy efficiency and cost-effective use of resources.

Sanitary, Phytosanitary and Veterinary Measures (SPV Measures)

The main issues covered by the Eurasian Economic Commission in the field of SPV measures are development of normative legal acts in order to ensure sanitary and epidemiological welfare, quarantine phytosanitary and veterinary&sanitary safety of the EAEU territory, scientific substantiation of SPV measures application, weighted assessment of risks, compliance with the proportionality of restrictive measures and removal of unjustified administrative barriers to trade. These issues are addressed in the framework of the main tasks of the area, among them is assurance of the formation of an agreed policy of the Member States in application of SPV measures, sanitary and epidemiological welfare of the population, protection of the common customs territory from introduction and spread of quarantine objects and epizootic well-being of the customs territory,

taking into account harmonization with international standards, guidelines or recommendations. Such a policy results in creation of optimal conditions for free circulation of goods that are safe for life and health of human, animal and plant, property and environment.

Consumer Rights Protection

A new direction of activity since 2016 is consumer rights protection. Priority areas are defined, in which, based on recommendations of the Commission, legislation that ensures consumer rights will be harmonized. These areas include e-commerce, air travel, tourism and financial services. The Commission's recommendation for Member States that identifies common approaches to consumer rights protection in distance transactions, including in the cyberspace, has been prepared and will be adopted in 2017. The reviews of the practice of interaction between the authorized bodies of the parties in the field of consumer rights protection, provision of consumer rights of citizens in the application of non-refundable air transportation tariffs have been prepared, and the possibilities of using food labeling to promote the principles of healthy nutrition in the Union are being studied.



Member of the Board –
Minister in charge of Energy
and Infrastructure

Adamkul Zhunusov

Energy

The main task of the area is conducting a coordinated energy policy of the Eurasian Economic Union Member States for the efficient use of the aggregate energy potential and the creation of common energy markets. Implementation of this task will provide energy security and sustainable growth of the national economies of the Member States, balance the interests of consumers and producers of energy, improve economic efficiency and reliability of fuel and energy complexes, optimize the use of primary energy resources and expand non-resource export potential. Long-term stable development of the economies of the Union Countries is impossible without constantly developing the fuel and energy complex. Therefore, conducting an coordinated energy policy of the Eurasian Economic Union countries aimed at creating common electric energy, gas, oil and oil product markets is

identified as one of the most important directions of activities of the Union.

Transport and Infrastructure

The main goal of the area is formation of a coordinated (agreed) transport policy of the Member States of the Eurasian Economic Union aimed at ensuring economic integration, consistent and gradual formation of a common transport space based on the principles of competition, transparency, security, reliability, availability and sustainability. First of all, this implies creating a common transportation service market, taking agreed measures to ensure mutual advantages in transport and infrastructure, implementation of best practices, integration of transport systems of the Union countries in the world transport system, efficient use of the transit potential of the Member States, improving the quality of transport services, provision of transport

(technological) security. With globalization, the volume of traffic between countries is growing providing new opportunities for the Union for implementation of the total transit capacity, creating a land link between Europe and Asia. The use of synergies in this area is one of the main advantages of integration.

Natural Monopolies

The objectives of the direction include the application of common principles and rules for regulating the activities of natural monopolies established by the Treaty on the Union, facilitating harmonization of the spheres of natural monopolies, as well as determining the sequence of applying measures to approximate the legislations of the EAEU countries. Implementation of these objectives will simplify provision of goods and services for consumers, and ensure transparent and non-discriminatory conditions for access to the infrastructure of natural monopoly entities.



Member of the Board –
Minister in charge of Industry
and Agriculture

Sergey Sidorskiy

Manufacturing Industry

All industrial policies within the EAEU shall be aimed at accelerating and improving the sustainability of industrial development, improving the competitiveness of industrial systems of the Member States, implementation of effective cooperation aimed at increasing innovation activity, and elimination of barriers in the industrial sector, including with respect to the movement of industrial goods of the Member States.

Industrial policy within the Union is formed by the Member States in the main directions of industrial cooperation and carried out by them with the advisory support and coordination of the Commission. The objectives, principles and instruments of industrial policy, as well as the competence of the States and the Commission are defined in section XXIV “Industry” of the Treaty on the EAEU.

In accordance with the Main Directions of Industrial Cooperation within the EAEU adopted by the Heads of Governments, the industrial policy implemented in the Union is focused on joint development by the Member States of new types of export-oriented

products, including by deepening cooperation and increasing localization of production; creation of new production chains and innovative industrial sectors; production modernization in traditional industries; building-up high-tech products export.

Within the Union, cooperation is developing in priority sectors; a business and innovation infrastructure is being formed, including technological platforms, engineering centres; conditions for fair competition are being developed, interstate programs and projects are being developed and implemented, a network of industrial cooperation and subcontracting is being implemented, a system of transfer of technology is being established.

Agroindustrial Complex

In the agroindustrial sector, the Member States, with coordination of the EEC, conduct an agreed agroindustrial policy aimed at effective implementation of the resource potential of the Union countries with the purpose of producing competitive products, meeting demands of the common agricultural market,

reducing import dependence and increasing export potential.

In accordance with the Treaty on the EAEU, this activity involves development of mechanisms and measures of interstate cooperation to implement integration processes and to provide for the sustainable development of agroindustrial complex.

For this purpose, joint Eurasian forecast demand and supply balances for the main types of agricultural products are prepared, actions on the state support of agriculture, removal of barriers in mutual trade are coordinated, common requirements for the production and circulation of agricultural products and food are elaborated, mechanisms for technology transfer and scientific and innovative cooperation are developed, agreed approaches to export development are formed.

Conducting an agreed agroindustrial policy provides establishment of an all-Union system of sectoral priorities, formation of chains of cooperation consistent with national expertise and resource security, strengthening food security in the EAEU and strengthening the position of the States and raising the states and the Union in general in the global market of agricultural products.



Member of the Board –
Minister in charge of Competition
and Antitrust Regulation

Marat Kusainov

Competition and Antitrust Regulation

Development of an efficient economy, i.e. intensification of investment cooperation, stimulation of innovation processes, and creation of a favourable business climate on the territory of the Eurasian Economic Union, is impossible without competition, antitrust regulation and control of public procurement.

For this purpose, a legal framework was created that ensures equal competition in cross-border markets. Today, the Eurasian Economic Commission faces the tasks of monitoring compliance with the common principles and rules of competition in the transboundary markets of the EAEU and suppressing anti-competition agreements, abuse of dominant position, unfair competition. The work carried out allowed delegating the powers of the EAEU supra-national antitrust authority to the EEC competition and antitrust regulation unit in 2015.

Investigations on the signs of violations of the common competition rules, initiation and examination of cases, where there are any facts of such violations, and imposition of sanctions on violators became particularly important in the work of the Commission.

In addition, implementation of international treaties and decisions of the EAEU bodies, which are part of the law of the Union and regulate common competition rules, is continuously monitored.

To prevent violations of competition rules, the EEC assesses the state of competition in cross-border markets in the areas such as industry, agriculture, fuel and energy complex, transport, telecommunications. This work allows the Commission not only to assess the state of competition in the relevant market, but to find specific mechanisms aimed at restoring and developing competition without the EEC applying fines.

Such measures are developed by the Commission with the

participation of antitrust bodies, other ministries and departments of the EAEU Member States, representatives of business, professional and scientific community, and are proactive prevention measures aimed at preventing and/or suppressing violations of common competition rules.

The EEC also implements the task of advocating for competition – it conducts an open antitrust policy, thereby increasing the level of legal awareness of market operators and the level of awareness of business about the benefits of developed competition.

Another important factor in increasing efficiency of competition policy is interaction with international organizations, regional integration associations, business associations and competition authorities of third countries to establish cooperation, to share experience on the application of competition law and antitrust regulation, and to study and apply international practice.



Member of the Board –
Minister in charge of Economy
and Financial Policy

Timur Zhaksylykov

Economy and Financial Policy

The main long-term goal of the ECE in the field of economy and finance policy is to create favourable business conditions in our countries, to minimize the administrative barriers. After all, it is the business that should be the main driving force behind the integration of the economies of the Member States of the Eurasian Economic Union.

In this regard, an important strategic objective of the EEC for the long term is establishment of a common financial market of the EAEU and defining the basic directions of its development. It will ensure the effective allocation of capital, diversifications of risks, increasing competition in the financial services market, remove barriers to mutual access and ensure access to all financial instruments of the Union for business and citizens.

The Treaty on the EAEU established norms that guarantee the freedom of movements of labour resources and its rights. In other words, it was created a common labour market across the whole integration space.

Nevertheless the process of development in this sphere moves on. Our efforts aim at developing of new ideas, which realization will contribute to the functional effectiveness of a common labour market. However the principal requirement of any actions is maintaining of the equal rights for all employees who are citizens of the EAEU states.

Pension contract for employees of the Member States will enhance social protection of the Member States citizens. According to the document, pension protection will be implemented within equal terms of the country of employment.

Efforts to simplify mutual travels of the Union citizens are also being made. The Treaty will give the opportunity to cross inner frontiers of the Member States by means of identity documents. As a result it will increase mobility of the Union States citizens.

Another important task of the Commission is to conduct a coordinated policy in intellectual property in certain respects within the whole territory of the Eurasian Economic Union. This will clearly increase the attractiveness of the Member States for investors,

especially in knowledge-intensive sectors.

Implementation of a harmonized policy in business and investment activities in the Member States with the participation of the business community will eliminate excessive administrative barriers, improve the quality of business regulations, improve the business climate, including investment activities and mutual trade in services in the EAEU countries.

The gradual introduction of the single services market within the Union is also a priority for the Commission activity. The Treaty on the EAEU defines the basic principles of liberalization of trade in services, with a gradual reduction of a number of limitations and exceptions, which greatly expands the opportunities for business activities in our countries.

In the area of tax policy the work is being conducted for creating tax conditions for fruitful non-discriminatory operation of business within the common economic territory, removing all obstacles along the way. In the foreground lies a planned convergence of excise tax rates on the most sensitive products



Member of the Board –
Minister in charge of Internal Markets,
Information Support,
Information & Communication Technologies

Karine Minasyan

Internal Markets

In a situation of a global economic turbulence, one of the main integration effects contributing to bailout of crisis developments, recovery of economic growth and achieving sustainable development of the EAEU economy through the economy of scale, creation of an environment that would encourage business activity, competition and mutual trade, should be provision for the cross-border freedom of moving goods, services, capital and labour.

The need to concentrate efforts on creating conditions for operating the internal market of the Union without barriers, with minimum

amount of exceptions and restrictions, as well as the priority of solving the tasks on establishment of the common/single markets led to the adoption in December 2015 by the Presidents of the Member States of the decision to establish an appropriate new direction of the Commission activity.

One of this direction's main goals is reduction of a gap between the declared standards of the Eurasian integration and the practice of the daily work of public authorities and business entities in the EAEU domestic markets based on the principle of four "freedoms": freedom of movement of goods, services, capital and labour without

barriers, with minimum amount of exceptions and limitations.

Adaptation of the global best practices for monitoring, assessment and settlement of problematic issues to the EAEU realities at the interstate level will allow the Member States to use the opportunity of the Commission as an independent supra-national body. The EEC is fully aware of its special responsibility for achieving the goals set out in the agenda of the Eurasian Economic Union for ensuring the efficient operation of domestic markets, and focuses its attention on joint activities with all stakeholders to solve the common tasks of Eurasian integration.

EXISTING DEFINITIONS

BARRIER	means an obstacle to free movement of goods, services, capital and labour within the framework of operation of the Union internal market that does not comply with the Union law.
EXEMPTION	means an exception (deviation) provided for by the Union law on non-application by a member state of common rules of operation of the Union internal market.
RESTRICTION	means an obstacle to free movement of goods, services, capital and labour within the framework of operation of the Union internal market that occurred due to lack of legal regulation of economic relations, whose development is enshrined in the Union law.

Informatisation, Information and Communication Technologies

Digital transformation of economy is one of the main conditions of development of the Eurasian Economic Union as a contemporary integrative format together with global leaders of digital economy: USA, UE, ASEAN, China. The relevance of the digital agenda was marked by the end of 2016, when the Heads of EAEU States signed the Statement on the digital agenda of the Union. And in 2017 the digital agenda became a central theme in the Commission as well as in all the EAEU states.

Digital conversion is based on the changes connected with implementation of information and communication technologies. The main lines of the EAEU coherent policies realization are based on the modernization of interstates communication process and maintenance of interoperability and application of harmonized patterns of information (data) use. Among other activities, the Commission increases the overall processes (currently the list of overall processes includes

more than 75 items) by means of the Union integrated information system, using of digital signature and developing of transboundary trust space, developing systems of "single window," synchronizing in-process projects of digital transformation, pre-modeling of processes in the preparation of legislative instruments.

A topical issue within the digital agenda of the EAEU to day is the necessity of launching the pool of groundbreaking digital projects.

Timeliness in the formation of main points for digital developing and cross-border rights in digital economy may be explained by the growth rate of the digital market and by the fact that national regulation of this sphere at that moment in both five countries of the Union is still evolving.

On October 11, 2017 the Supreme Eurasian Economic Council adopted the main directions of realization of the digital agenda of the EAEU until 2025, including the priorities in elaborating initiatives. A topical issue within the digital agenda of the EAEU to day is the necessity of launching the pool of groundbreaking digital projects.

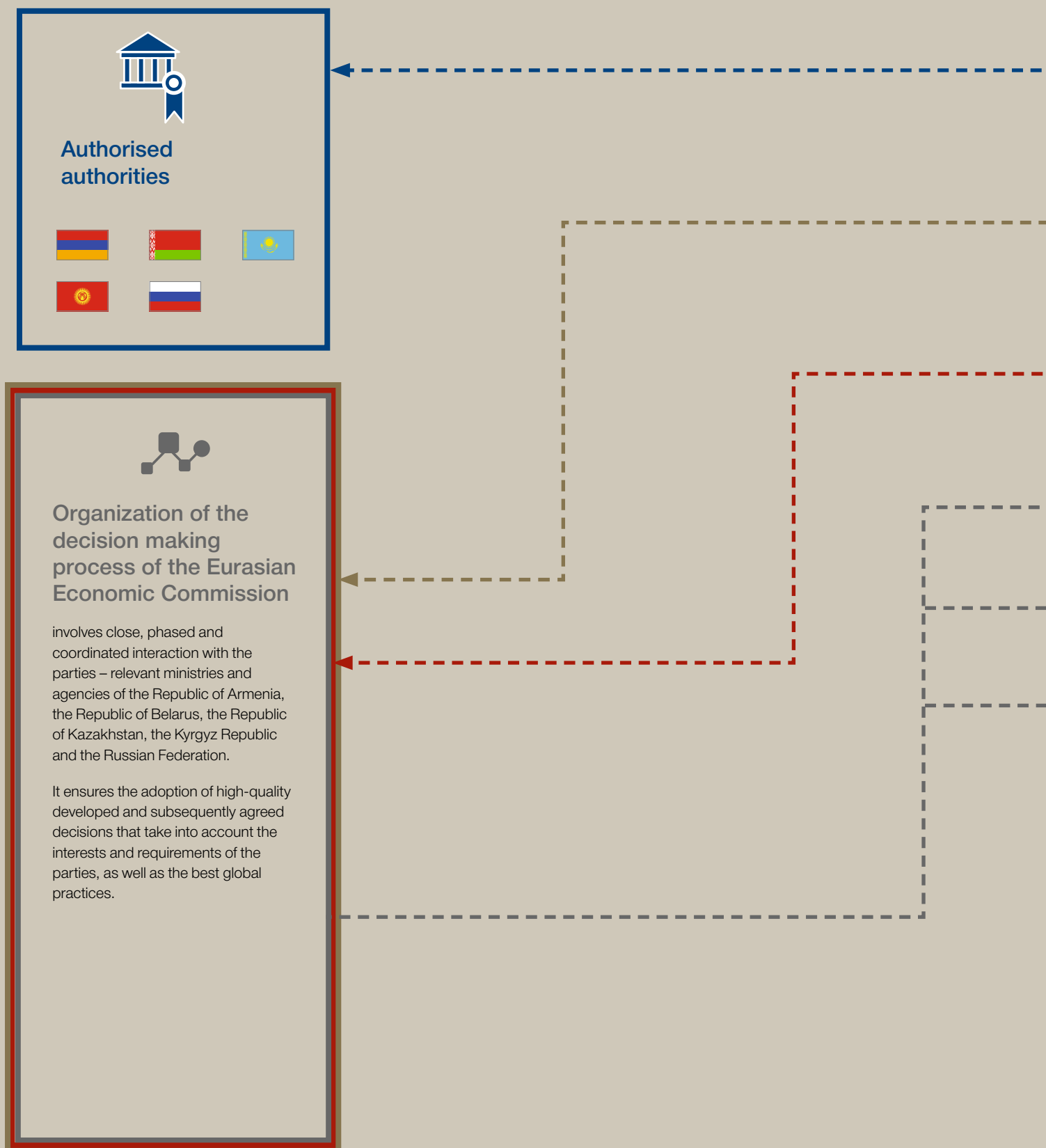
Main directions of the digital agenda implementation are considered:

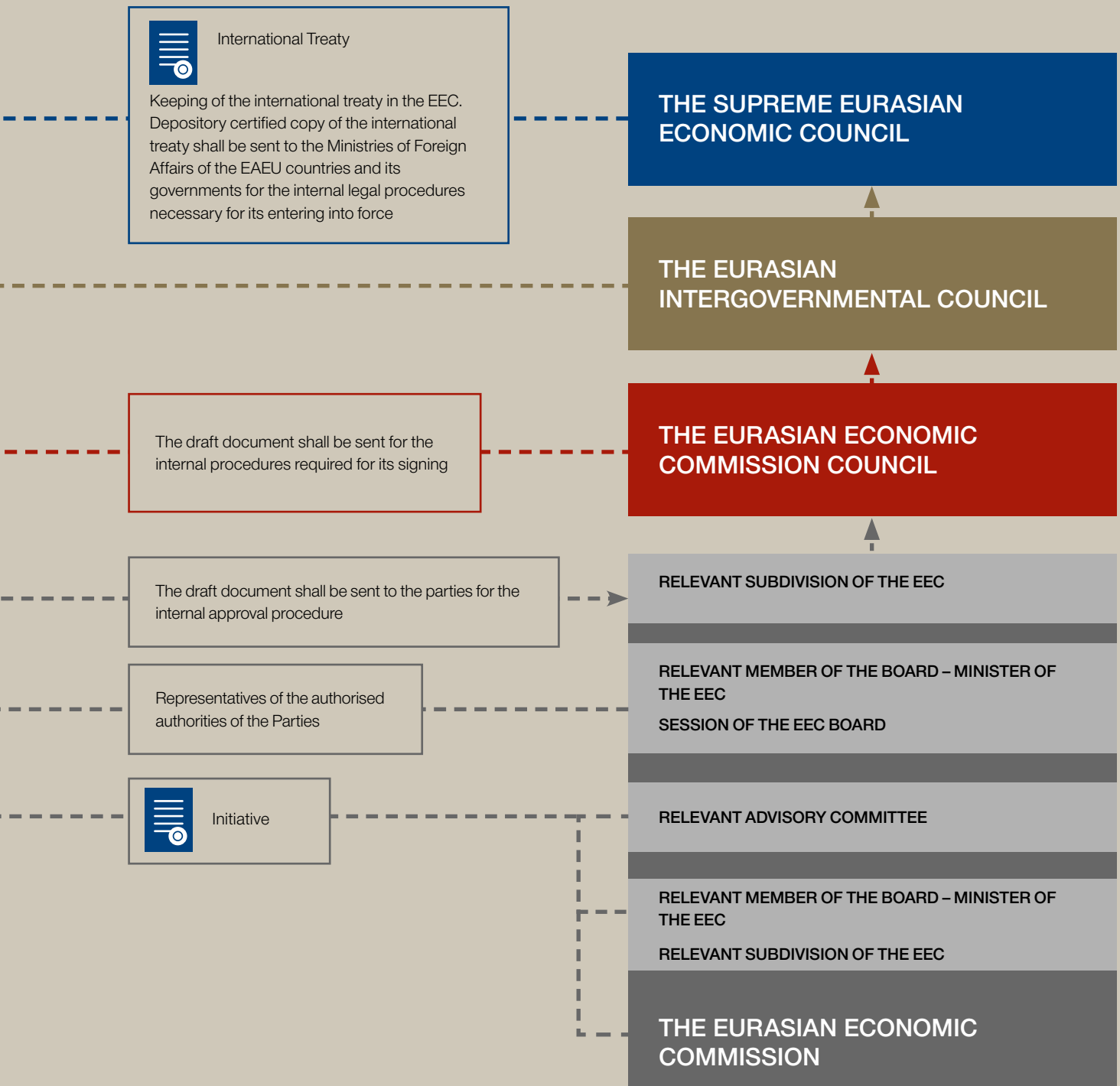
- a digital transformation of economic branches and cross-branches transformation in the Union;
- a digital transformation of markets for goods and services, assets and labor market;
- a digital transformation of the management and integration processes in the Union;
- a development of digital infrastructure and secure of digital processes.

A central role in the reform process play competencies which our countries can consolidate and strengthen in projects to obtain the best overall result when entering into digital economy, an economy where process of manufacturing, distribution, exchange and consumption has passed through the digitalization by means of application information and communication technologies.

In accordance with the accepted priorities in elaborating initiatives the first theme the parties started to discuss was the digital tracking of products, goods, services and digital assets within the EEU.

Procedure for preparation and execution of international instruments





INTERACTION OF THE EEC WITH BUSINESS COMMUNITY OF THE MEMBER STATES OF THE EURASIAN ECONOMIC UNION

ЕЭК

ЕВРАЗИЙСКАЯ
ЭКОНОМИЧЕСКАЯ
КОМИССИЯ

The EEC includes

22 ADVISORY COMMITTEES

more than

50 WORKING GROUPS

30 SUBCOMMITTEES

more than

20 EXPERT GROUPS

The EEC regularly interacts with the business community of the Eurasian Economic Union countries in order to achieve greater transparency of the Commission's activity, and to ensure mutual benefit and equality.

The EEC has established mechanisms that allow businesses to take part in the discussion of draft decisions of the Commission. Some decisions are made at the initiative of enterprises; they are based on a consolidated position of the business of the Union countries.

Permanently working bodies of the Commission are Advisory Committees, Subcommittees, Working Groups and Expert Groups whose members include officials and businessmen of the Union countries.

In turn, the strategic and systemic issues are discussed within the framework of the Advisory Council for Interaction between the EEC and the EAEU Business Council.

Formats of Cooperation between the EEC and the EAEU Business Council

The EAEU Business Council

The EAEU Business Council is a permanent coordination and advisory body of business circles of the Union countries. The Council includes the Union of Industrialists and Entrepreneurs (Employers) of Armenia, the Confederation of Industrialists and Entrepreneurs (Employers) of Belarus, the National Chamber of Entrepreneurs of Kazakhstan "Atameken", the Kyrgyz Union of Industrialists and Entrepreneurs and the Russian Union of Industrialists and Entrepreneurs. The Business Council is the successor of the Belarus-Kazakhstan-Russia Business Dialogue.

The Council develops a coordinated position of the EAEU business community in its interaction with the bodies of the Union, establishes direct communication and dialogue between the Union business circles, promotes trade and economic relations, industrial and financial cooperation, as well as improving the competitiveness of national economies, identifying

barriers, exemption and limitations of mutual access to the markets of the integration association.

On May 24, 2016, the Memorandum of Cooperation between the Eurasian Economic Commission and the Business Council of the Eurasian Economic Union was signed. The document confirms the importance of taking into account the interests of the business communities of the Union countries to ensure its effective development. Feasibility of the formation of a consolidated position of the business communities on the matters related to business activity in the Union has been recognized.

The document describes the main areas of cooperation between the Commission and the EAEU Business Council such as consideration of proposals of the Business Council aimed at creating a normative legal base of the Union, holding business forums with participation of business communities of the Member States.

The Advisory Council for interaction between the EEC and the EAEU Business Council

In October 2016, the Advisory Council for Cooperation between the EEC and the EAEU Business Council was established, and its statutes were approved. This body became the successor of the Advisory Council for Interaction of the EEC with the Belarus-Kazakhstan-Russia Business Dialogue.

The Advisory Council is a platform for the continuous discussion of strategic and systemic issues related to the development and functioning of the integration

association, with participation of business associations of the Union member states.

The Advisory Council accumulates views and proposals of national and sectoral business associations of the Union countries, aimed at improving the regulatory framework of the EAEU.

Advisory Committees and Working Groups

Advisory Committees and Working Groups operate in all activity areas of the Commission within the scope of forming systemic work between the EEC and the business community.

Representatives of all national business communities of the EAEU member states act as independent experts of the Advisory Committees, Working and Expert Groups on a permanent basis.

Within the scope of these formats, representatives of business regularly:

- interact with leading experts of authorised public authorities and the EEC on system and strategic economic issues of the Union functioning,
- prepare proposals on improving the law of the Union to meet the needs of the market.

The Advisory Committee for Entrepreneurship was created under the Board of the Commission with a view to improving the business environment in the Union member states and the systemic elimination of excess pressure upon business.

Regulatory Impact Assessment (RIA)

Regulatory Impact Assessment (RIA) is a mandatory step in the process of preparation of draft decisions of the Commission which may have an impact on business activities.

On April 1, 2015, the EEC Working Group for RIA of the Commission draft decisions began to work, which, from the beginning of its work till June 30, 2017, introduced

714 comments and proposals aimed at improving the business environment in the Union countries. More than 60% of these have been implemented. With the introduction of the RIA procedure into the daily operation of the Commission, terms for placement on the EEC website of draft decisions of the Commission affecting business activities increased from 15 to 93 calendar days prior to the date of their expected adoption.

“Operation of Domestic Markets” Portal

Operation of Domestic Markets Portal is a system of information interaction with stakeholders, in particular with businesses, in identifying and removing obstacles within the Union. It provides an opportunity to report directly to the Commission about obstacles and to monitor progress in respect of the application.

Creation of the information portal allowed involving more people in the work to ensure the functioning of

the Union without barriers, exceptions and restrictions, and ensuring the implementation of one of the key directions in this work – monitoring and identification of obstacles.

In general, since the establishment in 2016 of the Domestic Markets Operation Department in the EEC, more than 15 barriers in the domestic market of the Union have been eliminated.

Administrative Barriers Elimination

Within the framework of business advocacy and in order to eliminate excessive administrative barriers to the effective business development in the Union, the Commission carries out expert examination of the efficiency of draft EEC regulations that affect the interests of business entities.

From October 2012 through the first half of 2017, more than two thousand draft regulations of the Commission

were reviewed. Almost for every tenth draft, proposals were made on elimination of administrative obstacles to business and unreasonable expenditures of representatives of the business community that raise barriers to free movement of goods, services, capital and labour in the Union countries.

The businessmen take part in the consideration of the EEC resolutions concerning business activities.

EASE OF DOING BUSINESS RANKING*

Country	Ranking 2017	Ranking 2016	Ranking 2015	Changes for 2015–2017
The Republic of Korea	5	4	5	0
Great Britain	7	6	8	+1
The USA	8	7	7	-1
Germany	17	15	14	-3
France	29	27	31	+2
Armenia	38	35	38	0
Kazakhstan	35	41	53	+18
Belarus	37	44	43	+6
Russia	40	51	54	+14
Israel	52	53	40	-12
Kyrgyzstan	75	67	67	-8
China	78	84	90	+12
Uzbekistan	87	87	141	+54
Vietnam	82	90	78	+4
Iran	120	118	130	+10
India	130	130	142	+12
Egypt	122	131	112	-10
Tajikistan	128	132	166	+38

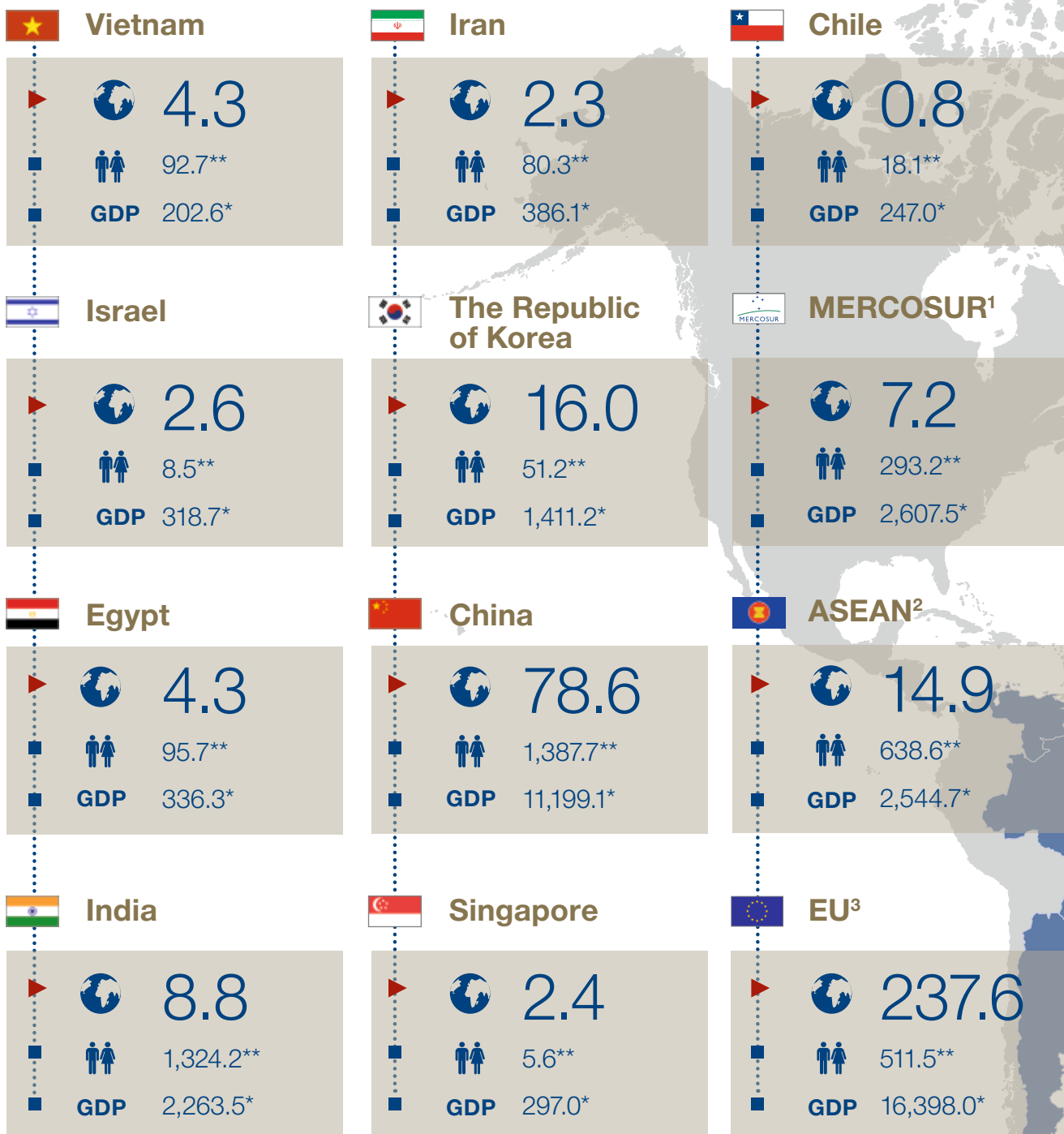
* <http://www.doingbusiness.org/>.

The positions of the Member States in the Ease of Doing Business Ranking indicate roughly equal starting conditions for the operation of the business in the EAEU.

At the same time, in certain positions of the ranking, some Member States are at the top not only within the Union but also in comparison with the rest of the world.

EURASIAN INTEGRATION AS A PART OF GLOBAL ECONOMY

KEY PARTNERS OF THE EURASIAN ECONOMIC UNION GLOBALLY



Foreign trade volume of the EAEU Member States in 2016, bln USD

Population, mln people

GDP Aggregate GDP for 2016, bln USD



¹ Countries included in the MERCOSUR: Argentina, Brazil, Paraguay, Uruguay, Venezuela.

² Countries included in the ASEAN: Brunei, Vietnam, Indonesia, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand, Philippines.

³ Countries included in the EU: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

Eurasian Economic Union: global scale. The EAEU as a subject of international law

Regional economic integration is a key trend in the global economy, the future of which will largely depend on the effectiveness of the integration of the global dialogue groups and their internal stability. Therefore, trying to take the best position in a new structure of the world economic system that has been emerging in recent years, the Eurasian Economic Union Member States develop their project of economic integration.

The Treaty on the Eurasian Economic Union: of 29 May 2014, established the EAEU as a fully-fledged party of the global economic relations. Moreover, it laid the solid foundation for the international relations between the Union and other entities – third parties, their integration associations, and international organisations. The Eurasian Economic Union as an international organisation of the regional economic integration has the legal personality and is vested with the right to enter into international treaties with other parties of the international relations and undertake obligations corresponding to the status of an international organisation.

The Treaty on the Eurasian Economic Union in accordance with Article 102 of the Charter of the United Nations was registered in the United Nations Secretariat on July 24, 2015. Registration of the Treaty provides openness and transparency of the agreements of the participants thereto at the highest international level. The Treaty on the EAEU confirmed



Chairman of the EEC Board Tigran Sargsyan on the 2nd International Forum of the Heads of Representative Government Bodies of Eurasia. June 27, 2017

once more the commitment of its members to the objectives and principles of the United Nations Charter and other universally recognised principles and regulations of international law.

The Eurasian integration project not only gained legal independence and internationally recognised influence, but also became an active and prominent player in international relations.

In order to expand the international recognition of the Eurasian Economic Union, the EEC is working to form the vision of the EAEU as a reliable and predictable economic partner. Representatives of the Commission deliver speeches and presentations to the governmental, business and expert communities of Europe, Latin America, Asia and CIS, in Latin and North America, Republic of South Africa etc. and take part in regular meetings with diplomatic missions, international organizations, and business structures.

International Cooperation

The Union's international activities are carried out by its bodies (the Supreme Eurasian Economic Council, the Intergovernmental Council, the Commission, and the Court) in accordance with the Procedure of international cooperation conducted by the Eurasian Economic Union.

In accordance with this document, the Main Directions of the international activity of the EAEU are taken on the short-term basis, which are followed by the Commission in exercising its international contacts.

To date, the following tracks of international cooperation of the Commission have been formed – with regional integration associations, governments of third countries, and international organizations.

Interaction in these areas is conducted in a variety of formats ranging from memorandums of

understanding and deepening cooperation to agreements on creation of a free trade zone (FTZ). Generally, the interaction starts in a memorandum format that allows creating a platform for discussion and deepening cooperation in the future.

Opportunities that cooperation under a Memorandum of Understanding and Cooperation provides for.

The Eurasian Economic Commission concludes Memoranda of Understanding and Cooperation with foreign countries, regional associations and international organizations.

The Memorandum of Cooperation with the Government of a Foreign State is the optimal format to institutionalize the dialogue on the economic agenda with regard to matters referred to the Commission's competence, as well as a universal negotiating platform that creates the conditions for further deepening of bilateral cooperation.

Memoranda cover almost all the activities of the EEC – from phytosanitary measures to antitrust regulation. There are such aspects of interaction like cooperation in innovations (with Peru and Cambodia), in information technologies (with Singapore, Cambodia and Moldova). The Memorandum on Cooperation between the Eurasian Economic Commission and the Republic of Moldova also includes the areas of the digital economy and labour migration.

As a rule, in accordance with the Memorandum, a joint Working Group is established, which includes representatives of the EEC

and the authorities of the Union Member States and the partner state. At the sites of the Working Groups, the parties get an additional opportunity to deepen their trade and economic contacts with which are not appropriate bilateral mechanisms, for example, inter-governmental commissions. In addition, activities of the Working Groups present a real opportunity to involve representatives of business circles in the integration agenda and various formats of cooperation. Business forums are held on the margins of session of Working Groups.

The format of the Memorandum with regional associations and international organizations provides for an opportunity to deepen cooperation with the aim of exchanging experience and studying best practices of operation, and also helps to position the Union as a reliable and promising partner.

International contacts of the Commission are focused on the development of trade and economic cooperation of the Member States of the EAEU with third countries, diversification and innovative development of their economies, increase in volumes and improving the trade and investment framework that will eventually contribute to the further development of the Union as an effective and competitive international organization.

Creation of a preferential agreement network to ensure beneficial trade relations with partners in different regions of the world is the priority task in the area of the EAEU's trade policy. Free trade agreements are also intended both to create better conditions for the expansion of ex-

port supply of non-primary goods and to include national economies of the Union members in the global value added chains.

Thus, the EAEU representing a broad market with a population of over 183 million people, access to skilled labour force, and transport infrastructure, is an attractive trade and economic partner.

In order to promote international cooperation, the Heads of the Member States set the objectives for preparation of the Agreement on the Procedure for Conclusion of International Treaties between the EAEU and third countries, integration associations and international organizations, Regulations on the Status of an Observer State in the EAEU, Regulations on Conjunction of the Union and the Silk Road Economic Belt Initiative, Regulations on Deepening Economic Relations and Developing Cooperation with Third Countries, including Moldavia, and other SIC countries that are not member states of the Union, China, India, Israel, Egypt, Iran, Cambodia, Singapore, Serbia, Mongolia, Greece, Peru, Chile, the Republic of Korea, Ecuador, Jordan and integration organizations such as ASEAN, the African Union, the Andean Community, MERCOSUR and the SCO, Regulations on Establishing Relations between the Eurasian Economic Commission and the European Commission.

The CIS

One of the first steps of the Commission's international cooperation was the establishment of contacts with the Standing Committee of the Union State of Belarus and Russia and the Executive Committee of the CIS.

In April 2017, a Memorandum of Cooperation was signed with the Republic of Moldova; the Presidents of the EAEU countries welcomed the request of Moldova to obtain the status of an observer country in the EAEU. A process of legalizing the status in accordance with the criteria of the Union is underway. In particular, Regulations on granting an observer status are being developed.

The Commission takes part in the event of economic nature in the CIS member states, conducts presentations of the EAEU for representatives of the official, business community and the expert community.



Tigran Sargsyan, the Chairman of the EEC Board and Igor Dodon, the President of Moldova, signing the Memorandum of Cooperation and Understanding between the EAEU and the Republic of Moldova in Kishinev. April 3, 2017.

HOW NEGOTIATIONS ON THE FREE TRADE ZONE ARE CONDUCTED

Both the supranational body (the EEC) and any of the Member States may initiate negotiations between the Eurasian Economic Union and a third country or a group of countries for creation of a free trade zone. A potential partner may also make a proposal to start negotiations. The initiator of such negotiations should provide a statement of reasons underlying the FTZ Agreement. Having received the aforementioned statement, the EEC makes an expert assessment and collects the opinions of the Union Member States. If all members agree that the prospects of the Agreement are interesting, they form a joint research group (JRS) comprising the representatives of the EAEU countries, the EEC, and the interested partner.

The work carried out by the research group is the preparation for negotiations; here, experts study the economies of the Parties and the parameters of their external and mutual trade, and search for the areas which are of mutual interest for the participants, and develop a draft scheme of future arrangements. Following the results of its work, JRS presents a detailed report about the feasibility of negotiations regarding the free trade zone (FTZ).

On the basis of this report, the Presidents of the EAEU Member States decide on the launch of negotiations. If the decision is positive, the EEC Council approves the Directives for negotiations at the level of vice prime ministers. After that, the representatives of the EEC, the EAEU Member States and the future FTZ partner elaborate the text of the Agreement and decide on future obligations and concessions. As a rule, it takes several negotiation rounds.

The negotiation process itself is a good background for the development of mutual trade on a bilateral basis by the participating states. Based on the expected simplification of market access, the entrepreneurs start to actively establish business contacts and elaborate establishing a distribution network in order to be the first ones to take the advantages of the free trade.

The Asia-Pacific Region

Vietnam

In world practice, the conclusion of agreements on the establishment of free trade zones (FTZ) continues to be an effective tool to promote bilateral and multi-lateral cooperation in the field of trade and economic relations and investments.

Until 2014, the only free trade zone involving all the Union countries simultaneously was the free trade zone of the CIS.

In May, 2015, the EAEU concluded its first full-scale free trade agreement with a state of the Asia-Pacific Region – Vietnam. Negotiations with Vietnam started in 2013. The EAEU delegation led by the EEC Minister in charge of Trade held eight rounds of talks, and on May 29, 2015, in Burabay village, Kazakhstan, an Agreement at the level of the Chairmen of the Governments of the EAEU and Vietnam and the Chairman of the EEC Board was signed. After completion of the necessary procedures, on October 5, 2016, the Free Trade Agreement with Vietnam came into force.

Vietnam is an attractive market with a population of about 90 mln people. The agreement with Vietnam opens up new opportunities to the EAEU countries. Vietnam is active in developing supply chains in the Asia-Pacific region. Deeper trade and economic relations with the partner will enable the manufacturers and suppliers from the Union countries to get access to the established supply channels in the Asia-Pacific Region. Furthermore, the products supplied to Vietnamese market will be more competitive in terms of price due to reduction or cancellation



Veronika Nikishina, the Member of the Trade Board (Minister in charge) of the EEC and Chang Tuan Anh, the Minister of Industry and Trade of Vietnam, signing the Protocol of the results after the 1st Session of the Joint Committee under the Free trade zone agreement between the EAEU and the Socialist Republic of Vietnam. June 29, 2017.

of import customs duties. Customs-free access to the Vietnamese market will also open the door to the export of goods which were not supplied earlier due to higher price, including due to quite high customs duties.

Immediately after the Agreement enters into force, Vietnam will have to cancel (set to zero) the import customs duties on more than 58% tariff lines of the whole commodity nomenclature for the suppliers from the Eurasian Economic Union. As regards the other 30% of the commodities nomenclature, the import customs duty rates will be reduced to 0% during the transition period.

The free trade zone between the EAEU and Vietnam was not created from scratch. Our countries have been involved in mutually beneficial cooperation for many years. Mutual trade has been growing recently – from 2.6 bln USD in 2010 to 4.27 bln USD in 2015, which proves

the involvement and interest of entrepreneurs in maintaining and developing the mutually beneficial cooperation. In view of this, the easing of trade procedures and elimination of barriers is a logical and consistent decision.

The free trade zone agreement between the EAEU and Vietnam embraces all areas of trade and economic cooperation. Apart from the reduction of import customs duty rates, the Agreement establishes the Parties' obligation to protect the intellectual property rights, sets common principles for competition protection, sets forth cooperation venues in the area of sustainable development, e-commerce and government procurement. The Agreement significantly increases the predictability of trade regulations and creates conditions for the increase and diversification of trade turnover in the framework of the free trade zone. This document also provides for "safety" mechanisms

against unfair competition and uncontrolled growth of imports.

It also provides for obligations in terms of the mutual liberalisation of trade in services, investment execution and movement of individuals. Initially, they apply to relations between Russia and Vietnam only. However, other countries of the Union also have the opportunity to join them later.

On October 5, 2016 after the completion of all ratification procedures, the Agreement entered into force.

China

The Eurasian Economic Commission is actively cooperating with the authorities of one of the major trading partners of the Union – the People's Republic of China. In 2012, two Memoranda of Cooperation were signed with the Chinese Ministry of Commerce: on trade and cooperation in the field of anti-dumping, countervailing and safeguard measures.

In 2013-2014, due to regular expert consultations, the Parties managed to settle some disputable mutual trade issues at the initial stage. Furthermore, the interests of both manufacturers from the Union countries and Chinese exporters were taken into account.

Since 2012, the Commission has been working on the arrangement of information exchange with the People's Republic of China. The PRC has been chosen as a "pilot" partner due to its greatest share in foreign trade turnover of the Eurasian Economic Union. The Agreement on information exchange between the customs bodies of the EAEU Member States and the People's Republic of China will enable monitoring of the flow of goods crossing the customs borders of the Union more effi-



Meeting of Tigran Sargsyan, the Chairman of the Board of the Eurasian Economic Commission with Zhang Gaoli, the First Vice-Premier of the PRC State Council

ciently and improve conditions for control over the import of Chinese goods to the EAEU Member States, as well as their transit through the common customs territory of the Union. Information exchange will promote trade in good faith and have a beneficial impact on the overall economic situation of the Member States.

In May 2015, the Presidents of the Member States of the Eurasian Economic Union decided to start negotiations with China on conclusion of an agreement on trade and economic cooperation. This is an important stage sequencing the entire structure of relations and providing a basis for further progress in the area of trade simplification and elimination of non-tariff barriers that restrict reciprocal access to markets. In addition, in October 2015 the Presidents adopted a disposition on coordination of activities of the EAEU Member States on conjunction of the Eurasian Economic Union and the Silk Road Economic Belt.

Formal negotiations started in the first half of 2016. In June this year in Beijing, the EEC Minister in charge

of Trade Veronica Nikishina and the Chinese Minister of Commerce Gao Hucheng signed a joint statement on the transition to the negotiation stage of the Agreement development.

The goal of the Agreement is provision of complex interaction of the Union as a subject of the world economy with the PRC on trade regulations, trade facilitation to promote cooperation, and ensuring operation of the developed cooperation institutions on a broad cooperation agenda. The Agreement does not provide for the liberalization of customs duties in mutual trade.

A new impetus to the deepening of cooperation between the EAEU and the PRC was given with the visit of the Chairman of the Board of the Eurasian Economic Commission Tigran Sargsyan to China in August 2016, where he met with the First Vice Prime Minister of the State Council of China Zhang Gaoli.

On the suggestion of Zhang Gaoli, the Parties, inter alia, agreed to work on the creation of a "data bank" in respect of projects



Tigran Sargsyan, the Chairman of the EEC Board and Narendra Modi, the Prime Minister of India, discussing the prospects for an agreement on Free trade zone between the EAEU and India under the St. Petersburg International Economic Forum. June 2, 2017.

of common interest for China and the Union Member States. The negotiation process on the conclusion of an Agreement on information exchange on goods and vehicles of international transportation moved across the customs border of the EAEU and China is underway. Regular exchange of data on goods that are moved from the PRC to the EAU and vice versa will increase the level of trust between the countries participating in the Agreement, will help reduce the supply of counterfeit products, as well as accelerate the commission of customs operations and customs control.

India

In 2015-2016, the joint research group completed its work on the investigation of the feasibility of entering into a Free Trade Area Agreement with India. The results of the investigation showed the prospect of transition to the free trade regime – an increase of 18% in both imports and exports

is expected. Based on the work conducted, at the session of the Supreme Eurasian Economic Council in December 2016, it was decided to launch negotiations on concluding a Free Trade Agreement with India. In June 2017, within the framework of the St. Petersburg International Economic Forum, a joint statement on launching negotiations was signed with the Indian partners at the ministerial level. Delegations of the EAEU and India will hold the first negotiating round after completion of the necessary internal procedures.

Mongolia

In June, 2015, in order to promote comprehensive cooperation between the EAEU Member States and Mongolia, to increase the efficiency of mutual trade and implement measures aimed



June 2, 2017 – At the meeting of Tigran Sargsyan, Chairman of the Board of the Eurasian Economic Commission with Jargaltulgyn Erdenebat, the Prime Minister of Mongolia, within the framework of the St. Petersburg International Economic Forum, the parties demonstrated their commitment to enhance cooperation.

at eliminating barriers to trade, a Memorandum on Cooperation between the EEC and the Government of Mongolia was signed.

In order to implement the Memorandum, two sessions of the Working Group were held. The plan of joint actions of the Working Group for 2017–2018 is being implemented. Cooperation on issues of technical regulation is being deepened. October 4, 2017 the EAEU - Mongolia Business Forum - 2017 took place in Ulaanbaatar.

The Republic of Korea

The EEC is developing cooperation with such a large and industrialized economy as the Republic of Korea, too. A Memorandum of Understanding between the Commission and the Government Procurement Service of the Republic of Korea was signed in October 2015. The document provides for the exchange of experience in regulation of government procurement in general and improvement of e-procurement system in particular.

In addition, on November 30, 2015, a Memorandum of Cooperation between the Eurasian Economic Commission and the Ministry of Industry, Trade and Energy of the Republic of Korea was signed on a wide range of trade cooperation.

In September 2016, the joint team of academics of the EAEU countries and the Republic of Korea completed its work. It was previously established to determine the optimal format for deepening economic and trade cooperation between the partners. The results of its work were considered at a specialized seminar held at the level of the Member of the Board – Minister in charge of Trade of the

EEC and the Deputy Ministers of the EAEU countries and Korea. During the end of 2016 – early 2017 in Moscow, Seoul and Minsk, a number of consultations were held at the official level, where the most mutually beneficial formats for deepening cooperation were discussed.

Cambodia

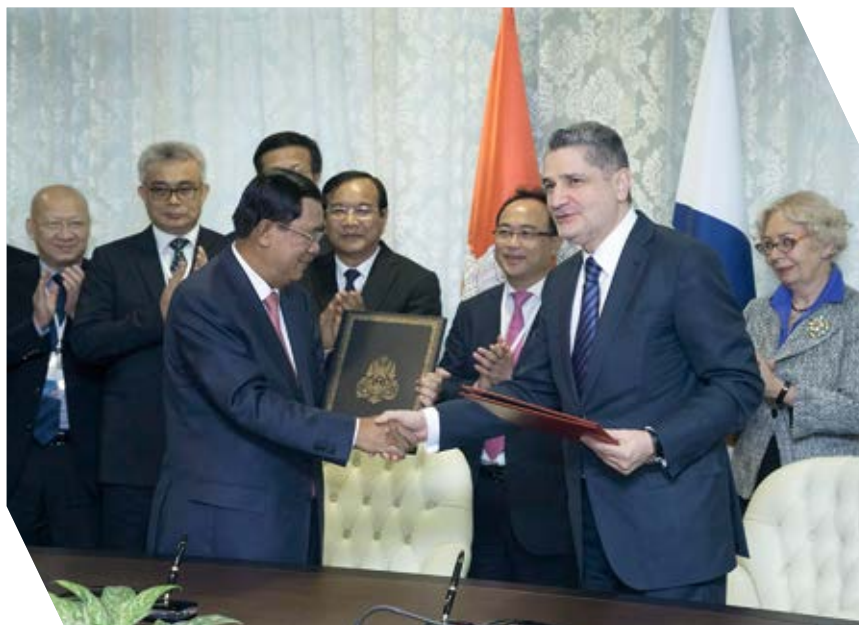
In May 2016, during a meeting of the Chairman of the EEC Board, Tigran Sargsyan, with the Prime Minister of the Kingdom of Cambodia, Hung Sen, a Memorandum of Understanding between the Commission and the Government of the Kingdom of Cambodia was signed.

In February 2017, a regular meeting of Tigran Sargsyan with Hung Sen was held in Phnom Penh (Cambodia), and the first session of the joint Working Group established to implement the Memorandum was held.

Singapore

In 2015, a dialogue was initiated between the Commission and the Government of the Republic of Singapore, for which the format of the Memorandum of Understanding was chosen as the first stage. The document was signed during the meeting of the Chairman of the EEC Board, Tigran Sargsyan, with the Prime Minister of the Republic of Singapore, Lee Hsien Loong, in May 2016.

Based on the decision adopted in 2016 by the Supreme Eurasian Economic Council, the first round of negotiations on a free-trade agreement in August 2017 held in August 2017; the second round of negotiations is scheduled for November. The negotiations cover both issues on implementation of the regime of free trade in goods and preferential terms of cooperation between the EAEU countries and Singapore for services and investments.



Tigran Sargsyan, the Chairman of the EEC Board and Samdech Akka Moha Sena Padey Techo Hun Sen, the Prime Minister of the Kingdom of Cambodia signing the Memorandum of Understanding between the EEC and the Kingdom of Cambodia



Tigran Sargsyan, the Chairman of the EEC Board and Lee Hsien Loong, the Prime Minister of the Republic of Singapore signing the Memorandum of Understanding between the EAEU and Singapore

APEC

One of the EAEU Member States – the Russian Federation – is a member of the APEC Economies Forum. The Forum pays great attention to the improvement of trade regulation and represents a sort of an “incubator” of ideas, which, if successfully tested by individual APEC member economies, are available for large-scale implementation in the framework of the multilateral trade system.

On the platform of the Forum, the participants also discussed the possibility of establishing the APEC free trade zone (FRZAPR). The initiative on the FRZAPR was enshrined in the Bogor Goals in 1994. However, the discussion in this area has advanced thanks to the initiatives of China in 2014. One of the activities directions was the

launch of the Joint Strategic Study to Assess the Economic Feasibility of FRZAPR.

The results of the Joint Strategic Study and the results of the discussion on the FRZAPR by the leaders of economies of the Forum in 2016 are of “substantive” interest for the Union, taking into account the location of Eurasian integration association between Europe and the Asia-Pacific Region, as well as plans for the EAEU on establishing FTZs with the individual economies of the Forum. In the case of implementation of the FRZAPR in the foreseeable future, the Union will pay special attention to the solutions that are offered by FRZAPR in respect of trade simplification and facilitation, efficiency of industrial cooperation at the regional level and other initiatives aimed at improving the competitiveness of goods and services produced in the region.

ASEAN

The Commission is working to establish cooperation with the ASEAN.

In 2014, the meeting of the Chairman of the EEC Board, Victor Khristenko, with the Secretary-General of ASEAN Le Luong Minh was held in Moscow.

In 2014, the Minister of Trade of the EEC for the first time participated in the discussion of the economic agenda of the Russia-ASEAN dialogue. In 2015, the EEC successfully participated in a business forum with the ASEAN, which resulted in identifying real interest of the regional business in the EAEU market.

On May 19, 2016 in Sochi, the EEC Board Chairman Tigran Sargsyan, at a plenary session of Russia – ASEAN Business Forum “Russia – ASEAN Partnership in the new integration architecture of the Asia-Pacific Region: business opportunities”, stated the need to develop cooperation between the Commission and the ASEAN. In his opinion, one of the most effective formats of cooperation could be the exchange of information on matters of interest to the business in trade, technical regulations, customs regulations and barriers reduction. The ASEAN Secretary General Le Luong Minh also called for further strengthening of relations between the business communities of the Member States of the associations. The issue of institutionalization of the cooperation between the Commission and the ASEAN Secretariat is being worked over.

In May 2016, the Eurasian Economic Commission signed the Memorandum of Understanding with the Government of the Kingdom of Cambodia.

The Middle East

On October 16, 2015 at the session of the Supreme Eurasian Economic Council in Burabai village, Kazakhstan, based on the report of the Joint Research Group, it was decided to launch negotiations on the conclusion of a Free Trade Area Agreement with Israel. The first round of negotiations was held in November 2016.

In December 2016, the Supreme Eurasian Economic Council decided to start negotiations with Iran on the conclusion of an interim agreement leading to the formation of a free trade area.

The work is concluding on the preparation of the Memorandum of Cooperation with the Hashemite Kingdom of Jordan. The document is expected to be signed in the autumn of 2017.

Africa

In 2016, at the session of the Supreme Eurasian Economic Council, it was agreed to launch negotiations on the conclusion of a Free Trade Agreement with Egypt.

In September 2017, the Memoranda of Cooperation with the Kingdom of Morocco was signed. Cooperation will continue in the joint working group.

Europe

The EU

One of the priorities of the Eurasian Economic Commission is development of cooperation between the Eurasian Economic Union and the European Union. The urgency of such a dialogue is due to the fact that the European Union is the major trade and economic partner of the EAEU. Thus, by the end of 2016 the EU's share in the Union foreign trade

accounted for 46.5% of foreign trade turnover of the EAEU with third countries.

In the bilateral format, work is being conducted with European states that show interest in cooperation with the Union: the Slovak Republic, the Czech Republic, the Italian Republic, and others.

The Commission actively interacts with European business circles, influential European centres and the expert community.

Focused efforts are made to establish direct contacts between the Commission and the European Commission.

Greece

On June 24, 2017, the Joint Declaration of Cooperation between the Eurasian Economic Commission and the Government of the Hellenic Republic was signed. This is the first document institutionalizing cooperation between the EEC and the government of an EU member state. The Declaration provides for

cooperation on a broad economic agenda, taking into account the competence of the EEC and the obligations of Greece arising from the law of the European Union.

The Greek–Eurasian Economic Forum: A New Bridge for Cooperation and Development was held on 11 September 2017 in Thessaloniki with the active participation of business community of the EAEU and Greece.

Serbia

Based on the decision of the Supreme Eurasian Economic Council, negotiations were initiated on the unification of the trade regime with Serbia. Belarus, Kazakhstan and Russia already have bilateral free trade agreements with Serbia. However, Armenia and Kyrgyzstan have not signed such agreements. In September and December 2016, consultations on preparations direct negotiations were held with Serbian partners. The first round of negotiations was scheduled for December 2017.



Tatyana Valovaya, the Member of the Integration and Macroeconomics Board (Minister in charge) and Berta Pensado Moreno, the Extraordinary and Plenipotentiary Ambassador of the United Mexican States to the Russian Federation, discussing the prospects for cooperation between the EAEU and Mexico. July 18, 2017.



Veronika Nikishina, the Member of the Trade Board (Minister in charge) of the EEC and Paulina Nazal, the Deputy Minister of Trade of Chile, discussing the development of trade and economic cooperation between the states of the EAEU and Chile, including the prospect for an agreement on Free trade zone. July 25, 2017.

The Latin America

The governmental and business circles of Latin American countries have shown a high interest in the processes of the Eurasian economic integration and the opportunities they open for business in terms of entering the common market of the EAEU. There is a demand for deeper and more systematic interaction with the Commission. Memoranda of Cooperation between the Commission and the Governments of the Republic of Chile and the Republic of Peru were signed, sessions of joint working groups were held to implement the Memoranda.

The United Mexican States, the Republic of Cuba, the Argentine Republic, the Federative Republic of Brazil also express interest in expanding trade and economic relations with the Member States of the Union and establishing direct contacts with the Commission.

Cooperation with regional associations of Latin America is developing. In February 2017, a

Memorandum of Understanding was signed between the EEC and the General Secretariat of the Andean Community. Memoranda with the South American Common Market (MERCOSUR), the Caribbean

Community (CARICOM), the Association of Caribbean States, the Latin American Integration Association (LAIA) and the format of interaction with the Pacific alliance are being worked out.

International organizations

The EEC is also actively cooperating with international organizations and institutions regarding the international activities of the Eurasian Economic Union.

The organizations, with which the Commission conducts a dialogue, include: The United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO), the UN Economic Commission for Europe (UNECE), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), United Nations Centre for Trade Facilitation and



Business meeting of Tigran Sargsyan, the Chairman of the Board of the Eurasian Economic Commission with Susana Malcorra, the Minister of Foreign Affairs of Argentina on April 12, 2016.

Electronic Business (CEFACT), the United Nations Commission on International Trade Law (UNCITRAL), the UN Food and Agriculture Organization (FAO), the World Trade Organization (WTO), the Shanghai Cooperation Organization (SCO), the World Health Organization (WHO), the International Labour Organization (ILO), the Organisation for Economic Cooperation and Development (OECD), the International Monetary Fund

(IMF), the World Bank (WB), the World Customs Organization (WCO), Eurostat, the European and Mediterranean Organization for Plant Protection (EPPO), the International Organization for Migration (IOM), the International Aviation Committee (IAC), the International Road Transport Union (IRU), the Organization for Cooperation of Railways (OSJD), the International Civil Aviation Organization (ICAO), the International Air Transport

Association (IATA), the Secretariat of the International Plant Protection Convention (IPPC), the World Organization for Animal Health (OIE), the International Union of Railways (UIC), the Coordinating Council on Trans-Siberian Transportation (CCTT), World Intellectual Property Organisation (WIPO).

In 2014, the EEC was granted a permanent observer status to WIPO.

Meeting the obligations by the EAEU Member States in relation to the WTO at the supra-national level

The main aim of the Commission's work in this direction is the use of experience and best global practices of international organizations to meet the challenges of the Eurasian Economic Union. Most tracks are based on memoranda on interaction, cooperation and understanding.

The law of the Union, as well as the preceding law of the Customs Union and the Common Economic Space, was formed in accordance with the rules and principles of the World Trade Organization (WTO).

After joining the WTO by one of the CU and CES Member State – the Russian Federation – the Agreement on operation of the Customs Union within the multilateral trade system was signed that provided for assurance

of compliance of the CU with not only the basic principles of the WTO, but with the commitment of individual member states of the association. Thus, the Common Customs Tariff of the Customs Union (CU CCT) has been aligned with the tariff bindings of Russia. This Agreement has become an integral part of the Treaty on the Eurasian Economic Union.

Considering almost similar obligations of Kazakhstan and Russia to the WTO (with the exception of tariff concessions), alterations to the Treaty on the EAEU after accession of the Republic of Kazakhstan to the organization were not required. In respect of tariff bindings, taking into account the significant number of positions, on which Kazakhstan's bindings are below the bindings specified by the Russian Federation, the EAEU Member States have made a joint decision

not to incorporate the bindings of Kazakhstan in the Common Customs Tariff, but to provide for exemptions from it for the Kazakh party.

To ensure the application by Kazakhstan of the exemptions from the CCT within the EAEU, in October 2015, the Heads of the Member States signed the Protocol on certain matters of entry and circulation of goods in the customs territory of the Eurasian Economic Union. The Protocol provides for the ability for Kazakh foreign trade operators to import goods, Kazakhstan's tariff bindings for which are below the CCT, either under the WTO rates, or the CCT rates.

Whereby, it is agreed that the goods imported using the WTO rates should be used only for consumption in the Republic of Kazakhstan and shall not be freely circulated throughout the Union.

Exemptions to the CCT allowed Kazakhstan to fully meet its commitments in the World Trade Organization until Kazakhstan's commitments are not revised following negotiations in the WTO. In addition, exemptions to the CCT retained a higher level of tariff protection of the Union as a whole.

In 2015, the Republic of Armenia and the Kyrgyz Republic, which have a longer history of the membership in the WTO, joined the Union. Given the earlier accession of Armenia and Kyrgyzstan to the WTO as compared to Russia or Kazakhstan, commitments of these countries did not go beyond the basic commitments under the WTO Agreement. The incorporation of these commitments into the Union law was considered as inexpedient.

The relevant provisions are enshrined in the treaties on accession of the Republic of Armenia and the Kyrgyz Republic to the Treaty on the Eurasian Economic Union. Moreover, from the date of accession to the Union, the Armenian and Kyrgyz parties began to apply the Common Customs Tariff that is allowed by the WTO (Article XXIV of the GATT) in the case of joining the Customs Union by an organization member. In order to ensure compliance by Armenia and Kyrgyzstan with

its commitments to the WTO, in accordance with Article XXVIII of the GATT, procedures for the revision of tariff commitments of the two countries in the WTO were initiated. At the Union level, the decisions were made on the establishment of common negotiating delegations on the revision of tariff commitments with the participation of representatives of all the Member States and the Commission in each of them.

Today, the EEC ensures that the measures taken in the field of foreign trade regulation (anti-dumping, countervailing and special protection measures, sanitary and phytosanitary requirements, technical regulations and other measures) are compliant with the rules and of the WTO.

Issues discussed in the WTO and related to the area of the EAEU regulation are reviewed at the platform of the Commission. Thus, the EEC conducted an analysis of the WTO Agreement on Trade Facilitation, which was agreed by the WTO members by the end of 2013 and adopted by the decision of the General Council of the WTO in November 2014. Its provisions will be taken

into account in the improvement of customs regulations in the Eurasian Economic Union.

Within the framework of the Union, the work to optimize the internal interaction of the Member States and the Commission on specific matters related to the WTO is carried out. The Procedure for interaction between the Members States of the Eurasian Economic Union and the Eurasian Economic Commission on international trade disputes with third parties was adopted. The document specifies the issues of interaction on possible disputes, including against any of the Member States in the framework of the WTO under the regulation measure of the Union.

The Procedure for interaction of the Member States of the Eurasian Economic Union and the Eurasian Economic Commission on the preparation of draft notifications for submission to the World Trade Organisation has been developed and is under approval. The purpose of this document is to ensure the timely and consistent submission of notifications to the WTO on the Union regulation measures envisaged under the commitments to ensure the transparency of trade regulation.

INTEGRATION SEGMENT OF ECONOMIES OF THE EAEU MEMBER STATES

THE CONTRACTUAL LEGAL FRAMEWORK OF THE EURASIAN ECONOMIC INTEGRATION. KEY DOCUMENTS

Integration potential means additional opportunities for economic development of the Union countries due to the most efficient use of resources, diversification of economies, implementation of transport, including transit potential, development of competitive environment, financial markets and improving the business climate, development of common guidelines of macroeconomic policies and establishment of effective working common market of goods, services, capital, and labour.



THE CUSTOMS UNION



2010



The Customs Code of the Customs Union



Transfer to the CU Commission of powers to implement the foreign trade regulation (the power to change rates of import customs duties, introduction of the Foreign Economic Activity Commodity Nomenclature, establishment of tariff preferences and tariff quotas, determination of tariff preference system, introduction of non-tariff regulation)



Investigation and other procedural actions prior to the introduction of safeguard, anti-dumping and compensatory measures in the common customs territory of the Customs Union in respect of goods originating from foreign countries



Union territory. In accordance with the law, the EEC gained the power to control the compliance with the competition rules in transboundary markets on the territory of the Customs Union (the EAEU) countries



The Agreement on information cooperation in statistics in order to provide the EEC and the Union countries with the official statistical information necessary to carry out their activities and monitor the implementation of international treaties that are the legal framework of the CU (the EAEU)



The Agreement on the procedure of movement of narcotic drugs, psychotropic substances and their precursors on the Customs Territory of the Customs Union



COMMON ECONOMIC SPACE



2012



17 basic international agreements introducing the Common Economic Space



2013



Model Law "On Competition" that defines a common approach to the basic provisions of the Competition Law in the CU countries (the EAEU) with the aim of convergence of legal regulation of economic relations in competition policy on the



THE EURASIAN ECONOMIC UNION



2015



The Treaty on the EAEU



The Program of stage-by-stage liberalization of the performance by carriers of cabotage road transportation of cargoes



The Agreement on coordination of activities on protection of intellectual property rights



2016



The Agreement on exchange of information, including confidential, in the financial sector in order to create conditions for free capital flow in the financial markets

- The Agreement on joint control activities on compliance with the Procedure for transfer and distribution of import customs duties (other duties, taxes and fees having equivalent effect) and their transfer to the budgets of the EAEU Member States

- Main Directions and stages of implementation of the coordinated (agreed) transport policy

- The Agreement on the Methodology for the formation of indicative (forecast) balances of gas, oil and oil products within the EAEU

2017

- The Customs Code of the Eurasian Economic Union

- The Protocol on exchange of information in electronic form between tax authorities of the EAEU Member States for tax administration

- The Treaty on trademarks, service marks and appellations of origin of EAEU goods

- The Agreement on the procedure of managing copyright and related rights on a collective basis

- The Agreement on the procedure for voluntary harmonization by the EAEU countries with the Commission of specific subsidies for industrial goods and conducting by the EEC of proceedings related to the provision by the Union Member States of specific subsidies

2018

- The Agreements on the tax policy principles in respect of excise duties on alcohol and tobacco products in the EAEU Member States

- The Agreement on shipping

- The Agreement on Harmonization of the Laws of the Member States of the Eurasian Economic Union in the Area of the Financial Market

- The Agreement on Admission of Brokers and Dealers of one Member State of the EAEU to Stock Exchanges (Market Operator) of other Member States

- The Agreement on coordinated approaches to the regulation of currency relations and measures of liberalisation

- The Amendments to the Treaty on the EAEU in respect of the principle of exhaustion of the exclusive right to the trademark, the trademark of the Union

- The Concept of developing a common financial market

- The Agreement on regulation of the alcohol market within the EAEU

- The Pension Agreement of workers and their families within the EAEU countries

- The Agreement on the audit activity on the territory of the EAEU

- The Agreement on information exchange in the area of counteraction to legalisation (laundering) of the proceeds of crime and terrorist financing in the movement of cash and (or) monetary funds across the customs border of the EAEU

- The Agreements on the procedure and conditions for elimination of technical barriers in mutual trade with third countries

- The Agreement on the procedure for circulation of products within the EAEU, requirements for which are not established by the EAEU technical regulations, and the rules for ensuring the safety of such products

- The Agreement on the principles and approaches for conducting state control (supervision) of compliance with the requirements of the EAEU technical regulations in order to harmonize the laws of the EAEU Member States in this area

- The Agreement on Cooperation between the Member States of the EAEU in exchange of the data in credit records

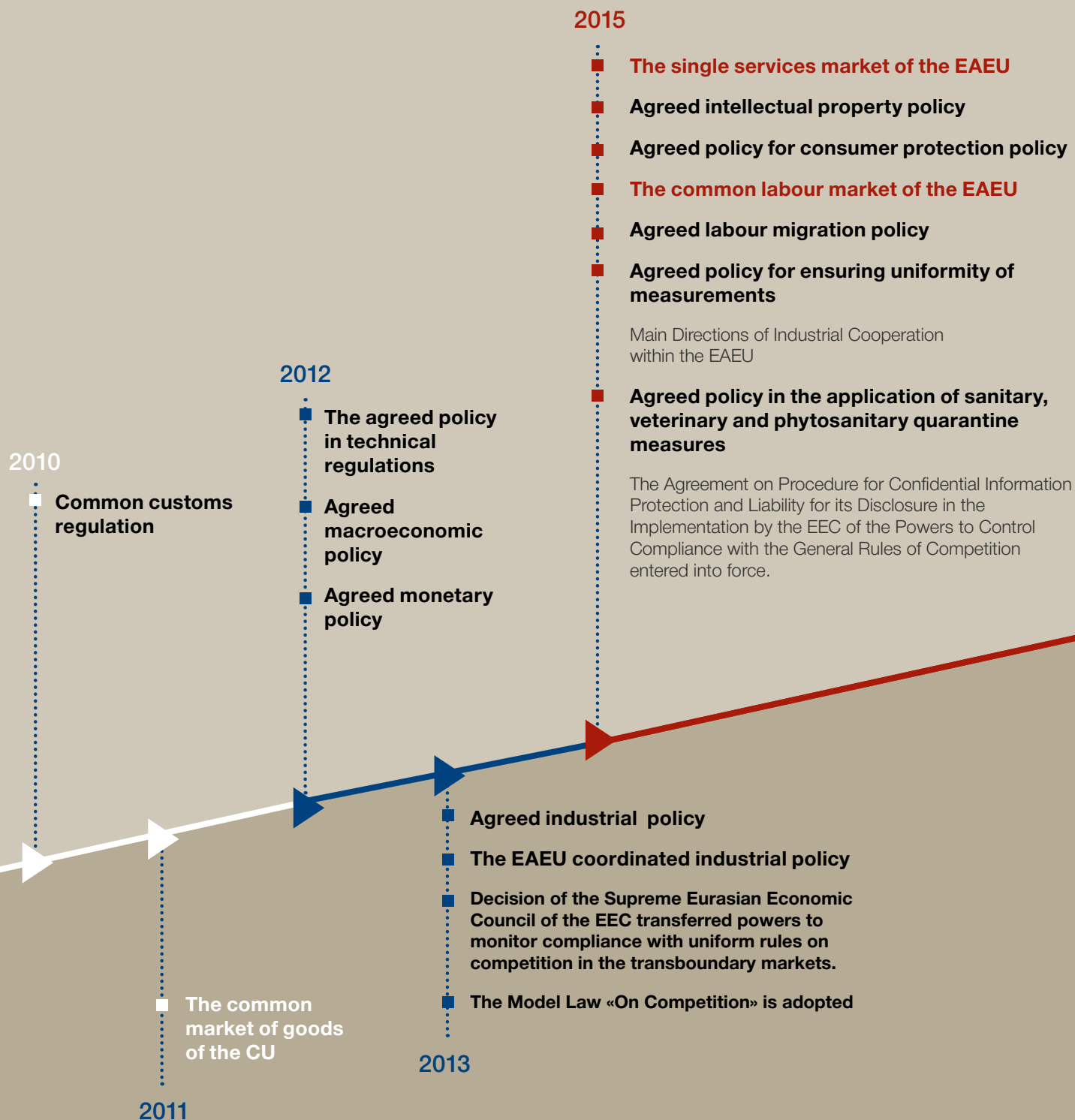
- The Agreement on manner of payment, deposit and transferring of sums for export customs duties with export to third countries from the custom territory of the EAEU.

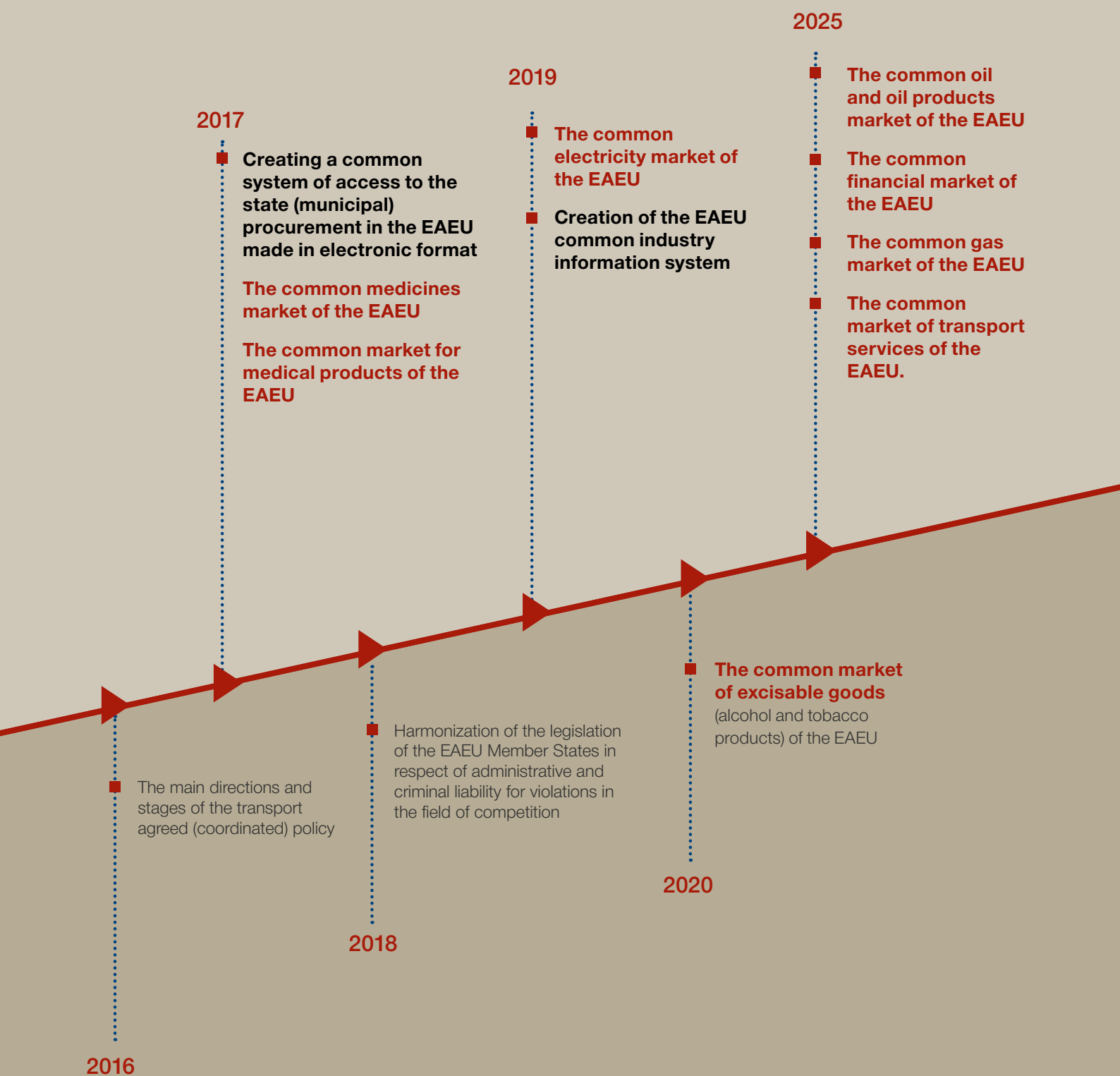
SINGLE AND COMMON MARKETS OF THE EAEU AGREED (COORDINATED) POLICIES OF THE EAEU

▶ THE CUSTOMS
UNION

▶ THE COMMON
ECONOMIC SPACE

▶ THE EURASIAN
ECONOMIC UNION





FOUR “FREEDOMS” IN THE EAEU

The aspiration to introduce a single market for goods, services, capital and labour is one of the main objectives of the Union enshrined in Article 4 of the Treaty.

2011

2015

2025

CUSTOMS UNION

COMMON ECONOMIC SPACE



The single market of goods – free movement of goods

Removal of customs controls at internal borders between Belarus, Kazakhstan and Russia.

EURASIAN ECONOMIC UNION



The single services market – free movement of services

Start of operation for 43 services sectors from 2015. Till 2025 a transitional period for 21 service sectors is fixed with the indication of a concrete date of transition to the status of the single market for each sector.



The common labour market – free movement of labour

Ensuring the right of citizens of the Union to work in any Member State of the Union without any a permit.

The common labour market implies:

- direct recognition of education documents;
- settling issues in respect of periods for temporary stay of citizens;
- providing a full scope of social guarantees;

- the right to receive free emergency medical care;
- the right of children to education.



The common financial market – free movement of capital

The common financial market implies:

- harmonised requirements for the regulation and supervision in the sphere of financial markets of the Member States;
- mutual recognition of licenses in the banking and insurance sectors, as well as in the service sector in the market of securities;
- conducting activities to provide financial services on the entire territory of the Union without the establishment of a legal entity;
- administrative cooperation between authorised authorities of the Member States, including through exchange of information.

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