

The Eurasian Economic Union

FACTS AND FIGURES

Library of Eurasian Integration



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EURASIAN ECONOMIC
COMMISSION

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Introduction by the Chairman of the EEC Board

Dear Friends!

We present the Facts and Figures booklet detailing the key results of the EAEU activities in the past 18 months and current issues on the integration agenda.

Since 2017, the Eurasian Economic Union has been on the path of sustainable growth: primary economic indicators have shown positive dynamics, crucial decisions have been taken in every aspect of Eurasian integration.

We are faced with the tasks of establishing Eurasian digital ecosystems and partnerships at global, regional and branch levels. We strive towards joint entry to the international stage, participation in establishing global standards and rules for digital market regulation.



I'd like to mark the critical events in the Eurasian Economic Union's activities in the years 2017–2018 and the result of collaboration by national public authorities, the EAEU integration structures (the Commission, the EEC Council, the Intergovernmental and the Supreme Councils) and the business community, in particular, the growth of integration figures.

First. The EAEU has started its digital transformation. The Presidents of the Union countries approved the Main Directions for the Implementation of the Digital Agenda until 2025. We are faced with the tasks of establishing Eurasian digital ecosystems and partnerships at global, regional and branch levels. We strive towards joint entry to the international stage, participation in establishing global standards and rules for digital market regulation. The Union's Digital Agenda is implemented in two formats: as a coordinated policy in a number of areas and joint digital projects. The Commission launched a digital project office that has already received more than 25 initiatives from businesses and authorities of the Member States. The projects are based on the 6 top-priority areas approved by the EAEU Heads of States: digital trade, digital transport corridors, digital industrial cooperation, goods traceability, development of data turnover, and establishment of a regulatory sandboxes system in the Union.

Second. The EAEU Customs Code was introduced on January 1, 2018. The document was developed based on the best practices of customs administration; it is focused on e-technologies and creating the "customs of tomorrow." We need 2–3 more years to have all cutting-edge novel legislation actually work locally, but the declaration register period has already reduced by half, while the time required to release goods has decreased six-fold.

Third. We have been consistently eliminating barriers in the Union's internal market to establish the Common Economic Space enabling free movement of goods, services, capital and labor. Tackling barriers goes along with working on the elimination of exceptions and restrictions based on the road map for 2018–2019.

As of August 2018, 24 obstacles have been overcome since 2017: 15 barriers, 7 restrictions and 2 exceptions. Timely measures that helped prevent new obstacles enabled businesses of the EAEU countries to avoid additional financial and transaction costs of about USD 70 mln.

In general, in 2017, the mutual trade volume in goods increased by 27.3% within the EAEU, and by 22.5% — in January to June 2018. Cooperated supplies of industrial products between the Member States were boosted by more than one third by the end of 2017. Passenger and cargo operations have been steadily growing.

Fourth. By August 2018, more than 50% of products circulating within the Union have already been covered by common quality requirements: 46 technical regulations were adopted, and 39 of those have entered into force. The number of standards in the lists enclosed to the EAEU technical regulations has exceeded 11,000.

Fifth. The Union has made noticeable progress in establishing mutually beneficial relations with its trade partners. The results of the free trade area between the EAEU and Vietnam have been summarized for the first time. In May 2018, the Agreement on Trade and Economic Cooperation was signed with China and the Interim Agreement to establish a free trade area was concluded with Iran. The EAEU and the CIS are actively cooperating. The Republic of Moldova gained the Union's observer status in 2018. The routes of the dialogue designated by Presidents of the Member States are being developed in order to create the FTA: Israel, Singapore, Serbia, India and Egypt. In 2017–2018, the goods turnover with a group of countries that signed or now negotiating trade agreements has increased by more than 25%. Thus, in 2017, as compared to 2016, the goods trade volume of the EAEU with China increased by 30.7%, with Vietnam — by 36.7%. In general, the EAEU foreign trade volume in 2017 has grown by 24.5%.

I assume that there we are in for an even greater success. In 2019, the Treaty on the Union envisages the launch of the common electric power market — its conceptual architecture design has already been approved. Furthermore, common oil, petroleum products, gas markets, financial market and transportation services market are to be launched by 2025. We are striving to promote the development of common labor market. The work under the Agreement on Pension Benefits is currently in progress. Common rules of the Union's functioning are already being developed with due consideration of the projects that are important for the future integration and the Union countries. This involves Eurasian brands, Eurasian digital trade platforms, new financial technologies, and digitization of transport sector.

Tigran Sargsyan

History of Eurasian Integration: 1994–2018

 **1994**

A new page was turned over in the modern history of Eurasian integration. Each page of this “book” is significant and valuable in its own unique way, and cannot be torn out without prejudicing its meaning, and its content is ever-expanding. The preface to this great book dates back to **1994**, when the leader of the Republic of Kazakhstan, Nursultan Nazarbayev, proposed a truly working union of the States built upon economic interrelations within the Eurasian space.

 **1995**

In early **1995**, the Republic of Kazakhstan, the Republic of Belarus and the Russian Federation signed the Agreement on the Customs Union (CU) aimed at eliminating the obstacles for free economic interaction between economic entities of the parties to ensure free commodity exchange and fair competition. The Customs Union of the 1990's never got rolling for several reasons. Still, the lessons learned proved critical for subsequent elaboration of an efficient strategy and gradual integration of the neighboring States that were best prepared for integration.

 **1996**

In **1996**, the Heads of the “troyka,” in conjunction with the Head of the Kyrgyz Republic, signed the Treaty on Deepening the Integration in Economic and Humanitarian Areas. Close economic and cultural contacts, shared historical past were reflected in the document. However, the agreement provisions were a projection into the future — the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation declared intrinsic prospects of common economic development.

 **1998**

In **1998**, the Republic of Tajikistan acceded to the agreement. The leaders of these countries created a new integration structure in 2000 — the Eurasian Economic Community (EurAsEC) — with the intent of closer cooperation by harmonizing regulatory framework and coordinating the economic restructuring processes.

 **2003**

Since **2003**, formation of legal framework of the Common Economic Space (CES) has gained pace. The process was joined by the Ukraine. However, its involvement in the Eurasian integration processes soon began to wither.

Agreement on the Establishment of the Common Economic Space



 **2006**

In **2006**, the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation were again leaders in establishing of the Customs Union and the Common Economic Space. The Presidents of these countries adopted the relevant joint decision at the Sochi summit. At the same time, they reached an arrangement that the Kyrgyz Republic and the Republic of Tajikistan would accede to the decision as soon as their economies permit it.

 **2007**

Already within a year, in **October 2007**, the Treaty on the Creation of Common Customs Territory and Establishment of the Customs Union was signed. The participating countries succeeded in determining their joint development in a historically short period. Subsequent acceleration of the integration processes was largely affected by the global financial and economic crisis of 2008. It made the States seek for new cooperation formats for sustainable economic growth and new methods of economic risks mitigation, it promoted approximation of economic strategies. The result was a stepped-up launch of the Customs Union.

 **2010**

The Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation launched in January 2010, the Common Customs Tariff and the Common Commodity Nomenclature of Foreign Economic Activity were launched, in **July 2010** — the CU Customs Code entered into force, and a year later — in July 2011, the Union became fully functional: the customs territories of the “troyka” merged into a common customs territory, and a common legal environment was introduced in the technical regulation sphere.

 **2011**

On **November 18, 2011**, the Presidents Aleksander Lukashenko, Nursultan Nazarbayev and Dmitry Medvedev signed the Declaration on Eurasian Economic Integration. After emphasizing the Customs Union's success in this document, the Heads of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation expressed their conviction that subsequent deepening of integration built upon close economic and spiritual ties between the three nations met their respective national interests.

Treaty on Deepening the Integration in Economic and Humanitarian Areas



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



In particular, it bolstered the wellbeing and standard of living of the people, and enhanced national competitiveness in the global economy. The Declaration announced the next milestone of integration construction — the Common Economic Space. The Declaration also stipulated that, by January 1, 2015, the parties should aspire to have completed codifying international treaties serving as the legal framework of the Customs Union and the Common Economic Space and to establish the Eurasian Economic Union on this basis.

2012

By January 1, 2012, the legal framework of the Common Economic Space — a market of 170 mln consumers, free movement of goods, services, capital and labor had been formed. The CES was based on coordinated actions in the key economic regulation areas: macroeconomics, competition, industrial and agricultural subsidies, transport, energy industry, natural monopoly tariffs, and technical regulation. The CES' benefit for the population and the business community was obvious. Entrepreneurs obtained equal access to the common market of the three countries, were free to choose places for registration and principal place of business. They also could sell goods without excessive restrictions in any participating country, and were also allowed to use transport infrastructure, etc. The creation and step-by-step refinement of the common market became an important step by the CU and the CES participating countries in transition from a resource-based to an innovative economy.

On February 2, 2012, the Eurasian Economic Commission (EEC) began its work. For the first time in the twenty years of the Eurasian integration history, a permanent supranational regulatory body was established and vested with actual authority in a number of key economic spheres. The EEC ensures operation and development of the Customs Union and the Common Economic Space and works of proposals for further integration development. The work on codifying contractual and legal framework of the CU and the CES and preparing a Draft Treaty on the Eurasian Economic Union (EAEU) has begun.

Commencement of
the Common Economic Space's functioning



2013

The year of 2013 became one of the landmarks in the improvement and development of Eurasian integration processes. In particular, the work was in progress on accession of the Kyrgyz Republic to the Eurasian integration project, initiated by the EurAsEC Inter-State Council's decision that was adopted as early as 2011.

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 to support and develop cooperation based on mutual respect, ensure a more intensive interaction of the Kyrgyz Republic with the CU and the CES States in various economic spheres.

On May 29, 2013, the Presidents of the three countries approved the Concept of Agreed (Coordinated) Agricultural Policy of the CU and the CES States.

On September 3, 2013, the Armenian President announced his country's intention to enter the CU and the CES and to develop the integration by participating in the establishment of the Eurasian Economic Union.

At the meeting of the Supreme Eurasian Economic Council on October 24, 2013 in Minsk, the Presidents of the participating countries considered the address of the Republic of Armenia and commissioned the EEC to start the work on accession. A specially created working group has developed an appropriate road map.

On December 24, 2013, the road map for accession of the Republic of Armenia to the CU and the CES was approved at the level of the Heads of States, at the meeting of the Supreme Eurasian Economic Council. The Presidents of the Customs Union's three countries and Armenia adopted the Declaration "On Participation of the Republic of Armenia in the Eurasian Integration Process" supporting the country's intention to accede to the CU and the CES and to subsequently become a full member of the Eurasian Economic Union.

2012–2014

In 2012–2014, the Eurasian Economic Commission and authorities of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation, under the instructions of their Presidents, were developing the Treaty on the Eurasian Economic Union. It codified a great part of international treaties constituting the regulatory and legal framework of the Customs Union and the Common Economic Space. Finalizing the Draft Treaty took five rounds of negotiations and was assisted more than 700 experts from the participating countries and the EEC. The final document containing more than 1,000 pages comprises 4 parts (it includes 28 Sections, 118 Articles) and 33 Annexes.

2014

On May 29, 2014, in Astana, the Presidents Aleksander Lukashenko, Nursultan Nazarbayev and Vladimir Putin, at the meeting of the Supreme Eurasian Economic Council, signed the Treaty on the Establishment of the Eurasian Economic Union. According to a number of politicians and experts, this project was most ambitious and, at the same time, truly workable, as it relied on the anticipated economic advantages and mutual benefits. Ample opportunities were opened for the business community of the participating countries. The Treaty raised a curtain for the formation of new fast-growing markets with shared standards and requirements to goods, services, capitals, and labor.

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

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

May 29, 2014
Treaty on the EAEU



2015

The Eurasian Economic Union commenced its functioning **since January 1, 2015**. The Republic of Belarus became the first chairman of the association's supreme governing bodies — the Supreme Eurasian Economic Council, at the level of Heads of States, the Eurasian Intergovernmental Council, at the level of Heads of governments, and the EEC Council, at the level of Vice Prime Ministers.

At the same time, the single services market was launched **on January 1, 2015** in a number of sectors determined by the EAEU States. The total number of service sectors within the common market amounted to 43. It was almost 50% of the total volume of services provided in the Union States in monetary terms. Activities for expanding such sectors were continued.

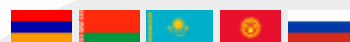
Since January 2, 2015, after completion of the ratification procedures, the Republic of Armenia became a full member of the Eurasian Economic Union.

In March 2015, the first out of thirty-five documents necessary for functioning of common markets for medicinal products and medical devices within the Union were submitted. In October 2015, they were supplemented with the remaining ones to be adopted by the EAEU countries and the Commission.

On May 29, 2015, the EAEU countries and the Socialist Republic of Vietnam signed the Agreement on the Formation of a Free Trade Area. The document reducing customs rates for 90% of goods to zero will help increase the goods turnover between the Union States and Vietnam more than twofold by 2020. The agreement pioneered deeper integration of the EAEU with Asia-Pacific countries.

In May 2015, the Presidents of the Eurasian Economic Union States adopted a decision on commencing negotiations with China on concluding the Agreement on Trade and Economic Cooperation. To efficiently manage this activity, the Heads of States adopted an instruction, in October 2015, on coordination of the Union countries for integration of the Eurasian Economic Union and the Silk Road Economic Belt. The official negotiations commenced in the first half of 2016.

On February 1, 2016 new members of the EEC Board chaired by Tigran Sargsyan commenced their work



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On August 12, 2015, after implementing the roadmap and completing the ratification procedures, the Kyrgyz Republic became a full-fledged member of the Union.

In October 2015, at the meeting of the Supreme Eurasian Economic Council, the Presidents of the five Union countries approved the Main Directions of EAEU Economic Development; this document determined the prospective areas of the Union's social and economic development until 2030. This was a crucial document identifying further coordination of the national policies and the ways to improve competitiveness of the Union States' economies. The effect of the EAEU membership is estimated as additional GDP growth up to 13% for the Member States by 2030.



Supreme Eurasian Economic Council

2016

On February 1, 2016, the new Board of the Eurasian Economic Commission chaired by the representative of the Republic of Armenia Tigran Sargsyan was introduced. The majority of the Board members had held their positions in the previous four-year term of service in the EEC, which ensured a high level of succession in the Commission. The decision to appoint the former Prime Minister of the Republic of Armenia, Tigran Sargsyan as Head of the EEC Board was adopted by the Presidents of the five countries of the Eurasian Economic Union (EAEU) in October 2015, at the meeting of the Supreme Eurasian Economic Council.

Considering the four-year experience in the Commission as well as regulation spheres referred to the EEC's competence, both currently and in the mid-term, the Heads of the EAEU States changed the number of the Board members. The Union Member States are now represented by ten Members of the Board (Ministers) including the Chairman — two Ministers per country.

In October 2016, the Agreement on the Free Trade Area between the EAEU and Vietnam entered into force.

The agreement mainly pursues mutual abolition of trade duties.

In December 2016, the Heads of States signed the Declaration on the Union's Digital Agenda, which laid the foundation for the integration development in the digital sphere.

2017

In May 2017, the EAEU saw the introduction of the rules for common medicinal products and medical devices markets. Emergence of such markets will ensure availability of more effective and high-quality drugs and medical devices for the Union's citizens and create a stronger competitiveness of pharmaceutical and medicinal products of the EAEU States in the global market.

In March 2017, the White Paper was published, a manifesto that determined the top priority areas of the Eurasian Economic Commission's work on identifying and eliminating obstacles in the Union's internal market.

On April 11, 2017, the Presidents of the Union States signed the Treaty on the Customs Code of the Eurasian Economic Union.

In April 2017, plans for services liberalization entered into force, whereby another 20 services sectors are to join the single market format before 2021, including highly dangerous construction works, tourism, assessment, mine surveying, and scientific research.

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In May 2017, the Heads of the EAEU States' governments signed the Agreement on Voluntary Harmonization of Specific Subsidies for Industrial Goods. Pursuant to this document, the Union States are granted the right to voluntary agreement of specific subsidies with the EEC. In this case, the party applying to the Commission is insured against the risk of subsequent imposition of compensatory measures from any Member State for the subsidy agreed with the EEC. The agreement entered into force on April 17, 2018.

In October 2017, the Presidents of the EAEU States approved the Main Directions for the Implementation of the Digital Agenda of the Eurasian Economic Union until 2025.

In November 2017, the Pharmacopoeia of the Eurasian Economic Union was included into the Register of International Pharmacopoeias of the World Health Organization.



On May 17, 2018 the Interim Agreement leading to the formation of a free trade area was signed between the Eurasian Economic Union and the Islamic Republic of Iran

2018

On January 1, 2018, the Customs Code of the Eurasian Economic Union was introduced.

The new Customs Code is an up-to-date customs regulation instrument that meets the present-day challenges and introduces a better optimization of foreign economic activity regulation, It also secures the balance of interests between public authorities and business community.

In May 2018, after implementing 9 liberalization plans, the SEEC resolved on amendments to the list of service sectors (subsectors) being part of the common service market operating within the Union. Nine sectors were added to the existing 43, with the 3 of them to become fully functional in the common market environment as early as January 2020. It is about 55% by value of the total services volume provided in the Union States. Intensive efforts are being taken to expand such sectors, in particular, by implementing liberalization plans to enhance the Eurasian integration project.

The Presidents of the EAEU States adopted a decision on granting the EAEU Observer State status to the Republic of Moldova at the same meeting. Such status will vest the state's representatives with the following powers: to be invited to the meetings of the EAEU's governing



bodies without the right to participate in decision-making and to obtain the documents adopted by the Union's governing bodies, save for confidential information. The state with the observer status shall restrain from any actions that may prejudice the interests of the EAEU and the participating countries.

In May 2018, the Interim Agreement leading to the formation of a free trade area was signed between the Eurasian Economic Union and the Islamic Republic of Iran during Astana Economic Forum. The document implies two stages of the free trade area formation. The full-fledged FTA agreement between the EAEU and Iran is expected to be signed within three years. It will cover almost the entire commodity nomenclature.

In the years to come, the goods turnover may increase by half (150%).

In May, the Agreement on Trade and Economic Cooperation between the EAEU and the People's Republic of China was also signed.

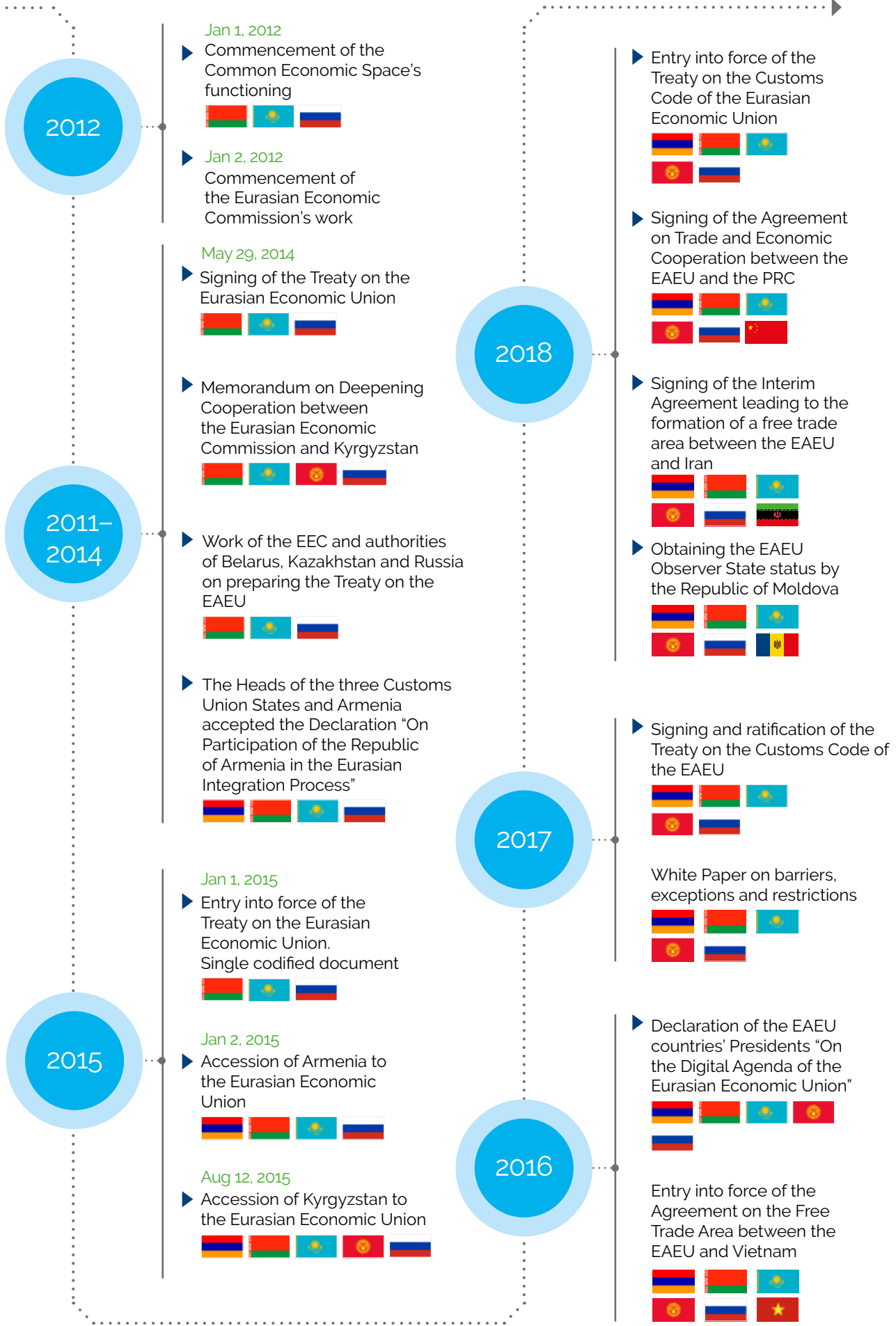
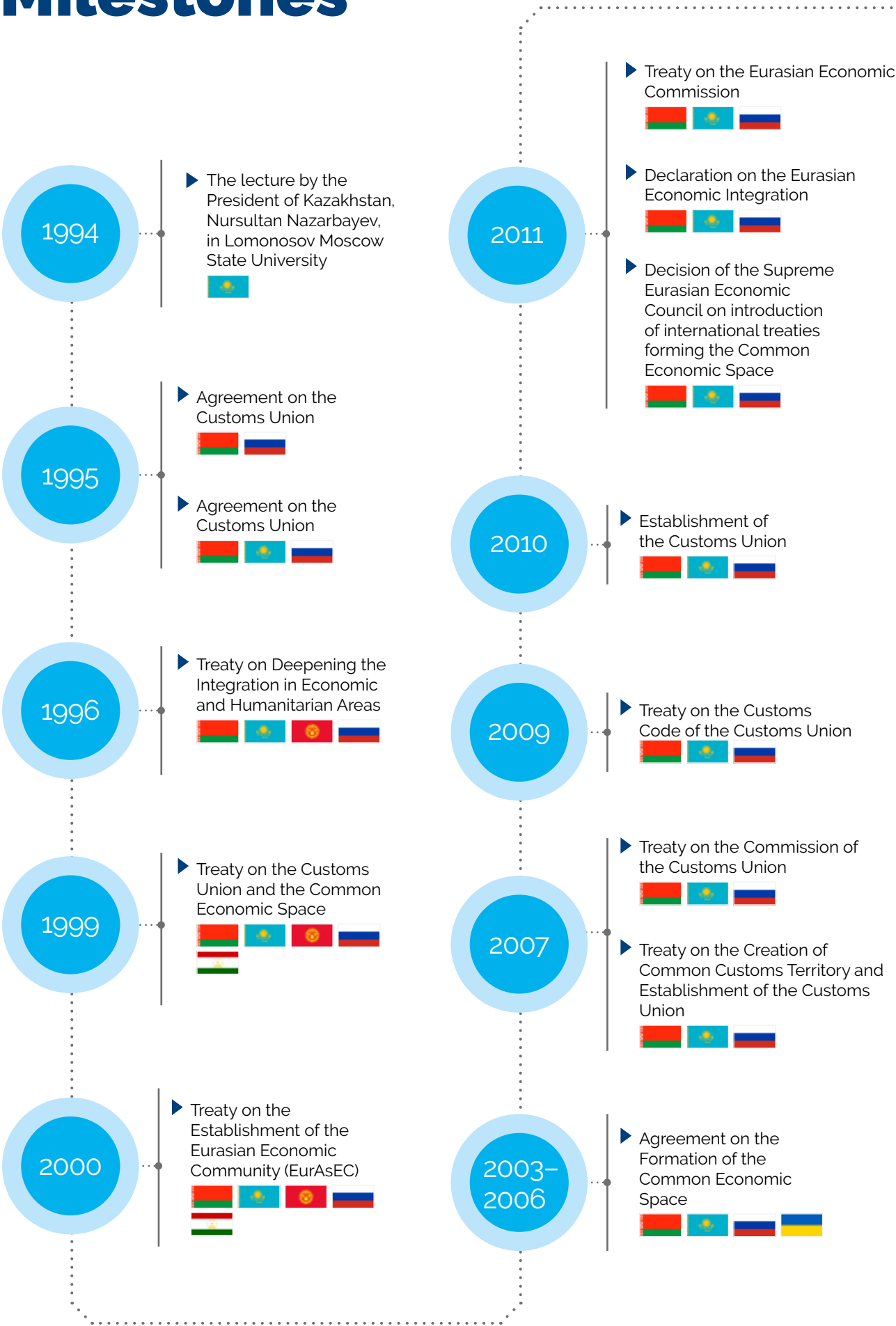
The agreement sets a high standard of regulation in various spheres including protection and preservation of intellectual property rights. It is non-preferential and does not provide abolition of any export duties. In contrast to the global crisis phenomena, the consistent and successful transformation of the Eurasian space is based on market-driven economy. Still, it preserves political independence and established cultural identity of sovereign states. The Eurasian Integration book gets bigger and bigger with the new chapters.



On May 17, 2018 the Agreement on Trade and Economic Cooperation between the EAEU and the People's Republic of China was signed

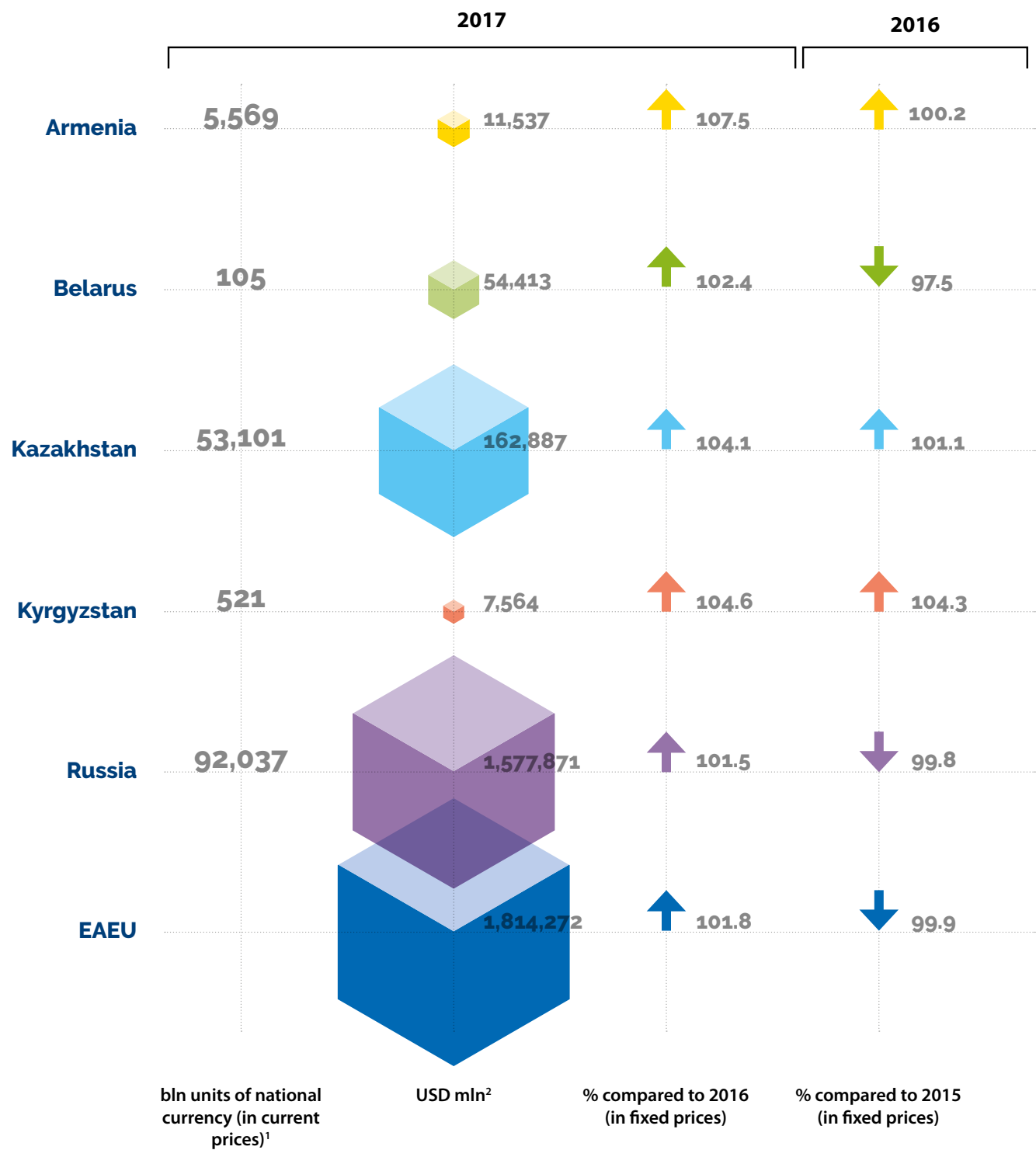


Milestones



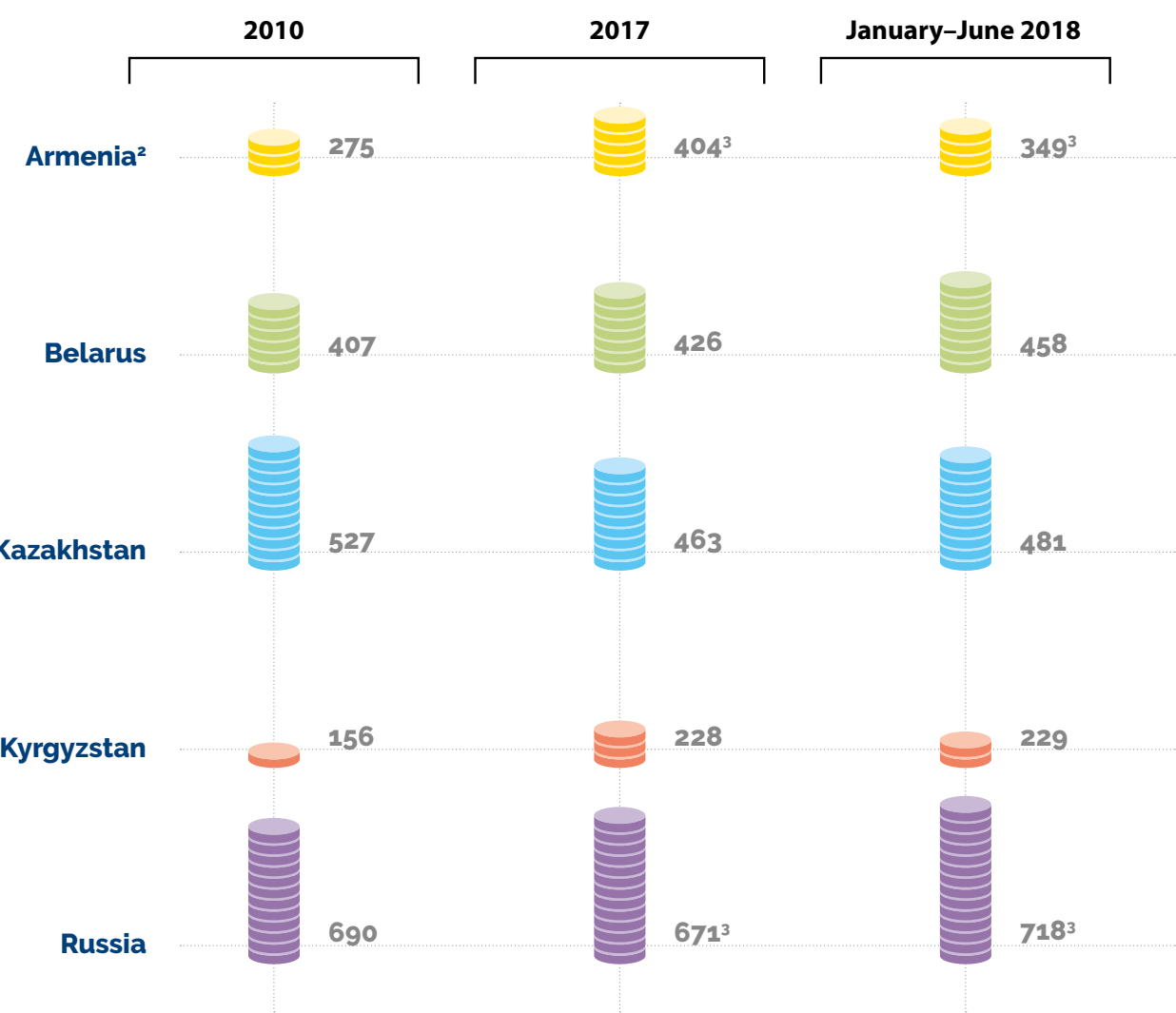
Statistics

Gross domestic product



¹ Armenia — Armenian dram; Belarus — Belarusian ruble; Kazakhstan — Tenge; Kyrgyzstan — Som; Russia — Russian ruble.
² The indicator is calculated using the exchange rates of national (central) banks for the period: in Belarus — at the average weighted exchange rate of Belarusian ruble to US dollar, in Armenia, Kazakhstan, Kyrgyzstan, and Russia — at average exchange rates of national currencies to US dollar.

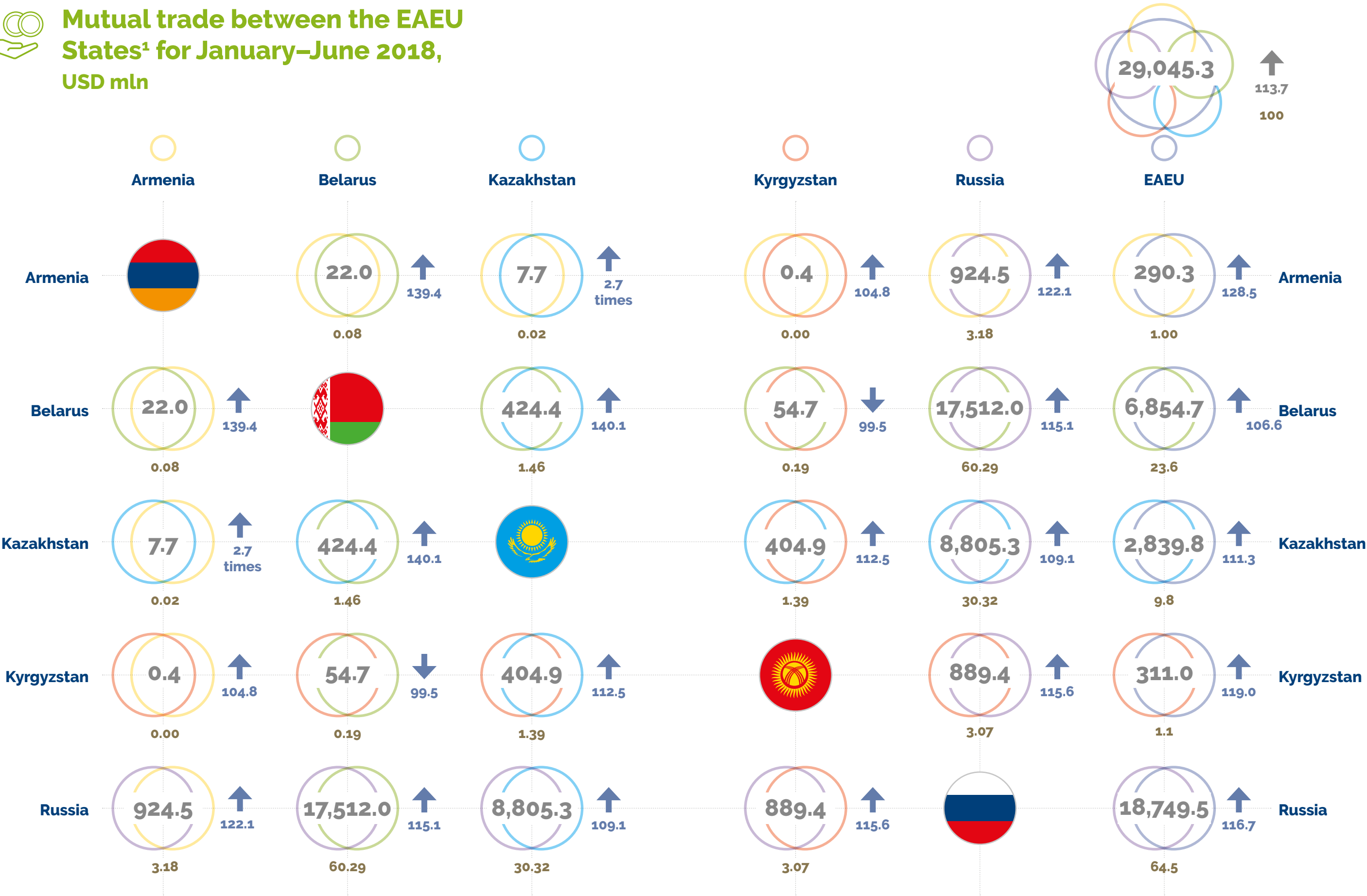
Average monthly nominal wages in the EAEU Member States, USD¹



¹ The indicator is calculated using the exchange rates of national (central) banks of the EAEU Member States for the period: in Belarus — at the average weighted exchange rate of Belarusian ruble to US dollar, in Armenia, Kazakhstan, Kyrgyzstan and Russia — at average exchange rates of national currencies to US dollar.
² Since 2013, remuneration of labor and other similar payments include payments of the employer for compulsory social insurance as well as wages of military personnel. Since 2018, the data comprise small and micro-organizations (with the headcount of one or more employees).
³ Preliminary data.



Mutual trade between the EAEU States¹ for January–June 2018, USD mln



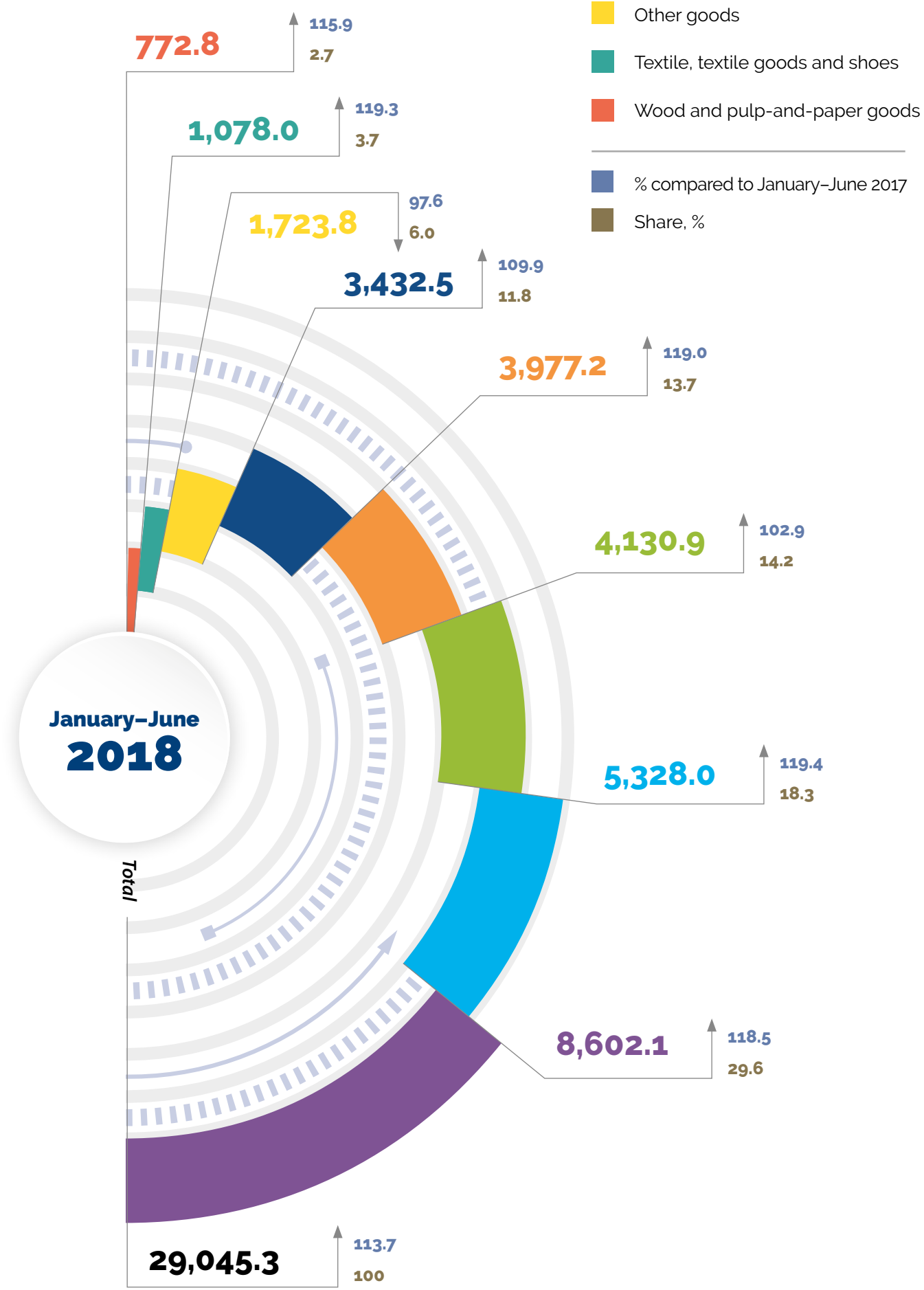
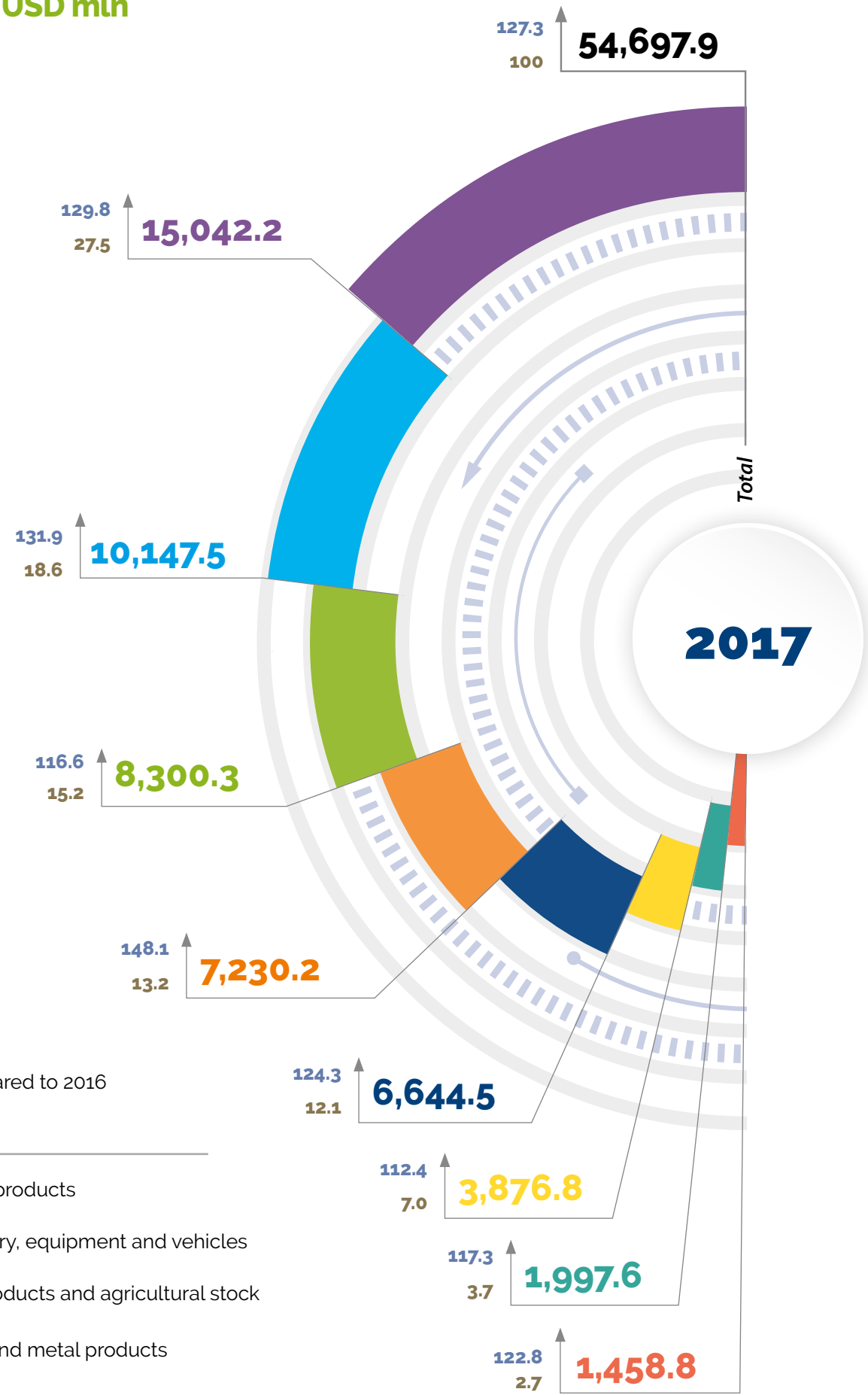
¹ Amount of total worth of export transactions of the EAEU Member States.

■ % compared to January–June 2017

■ Share, %



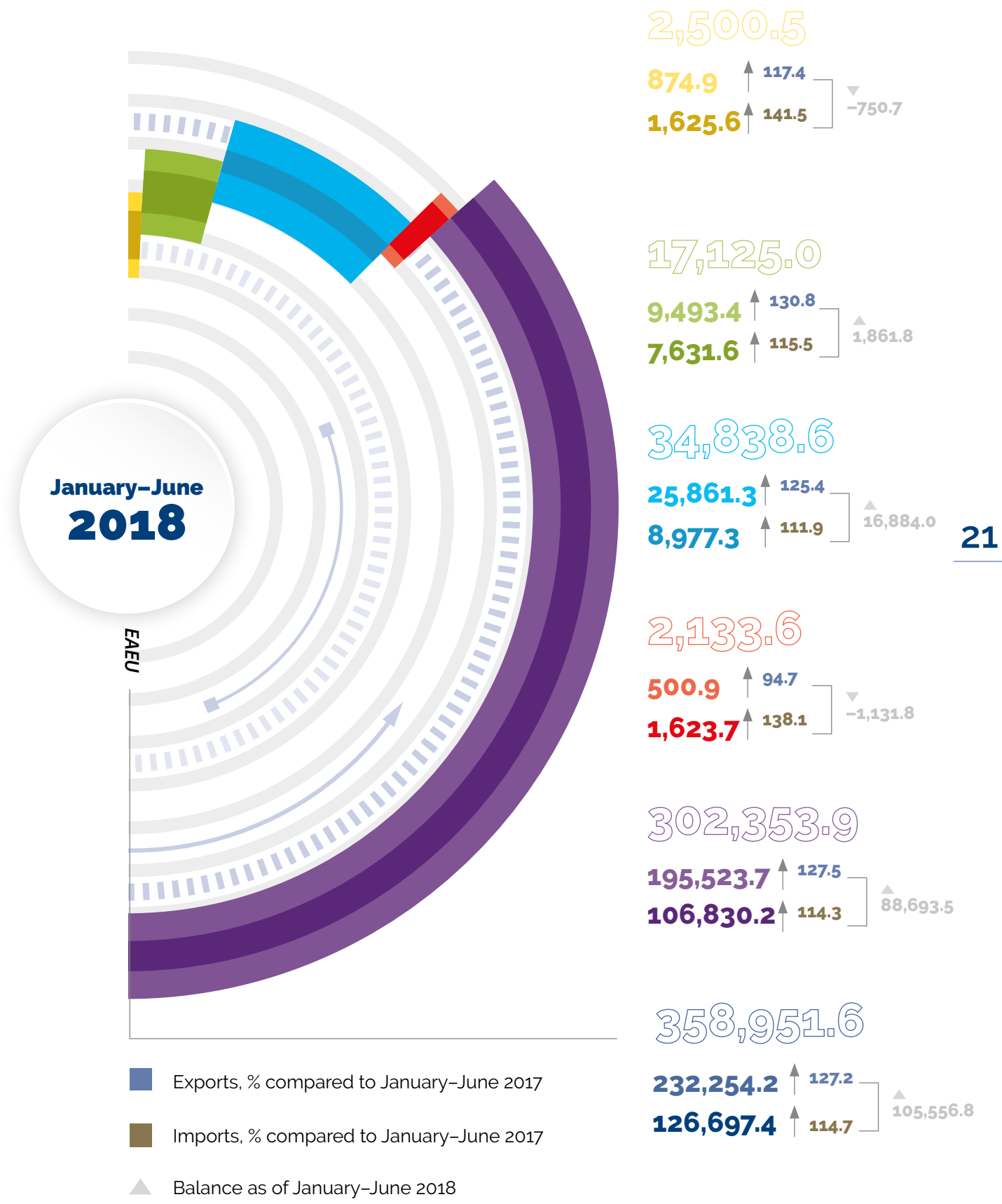
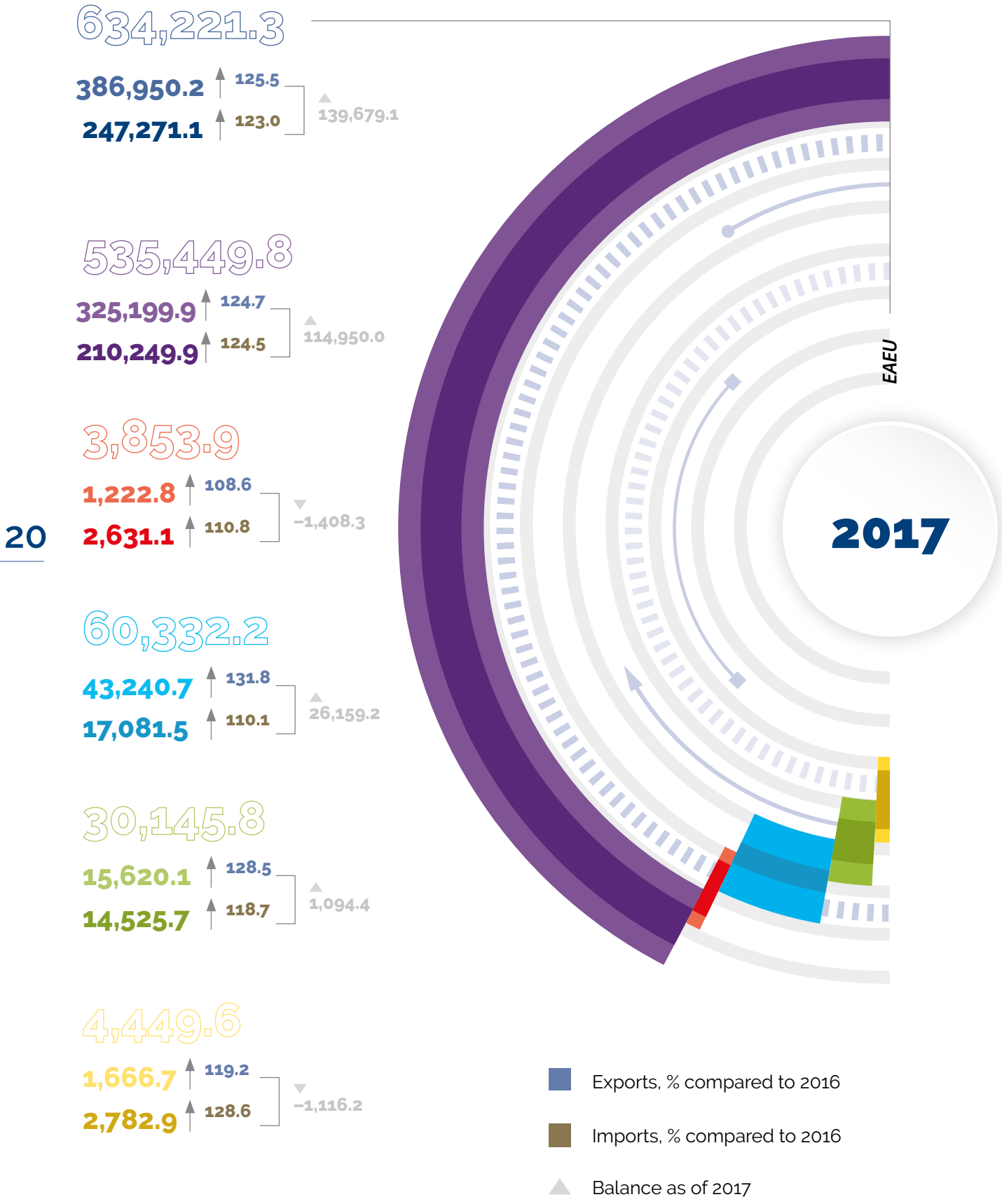
Structure of mutual trade between the EAEU States by consolidated commodity groups, USD mln





Results of foreign commodity trade by the EAEU States with other countries, USD mln

Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russia	The EAEU
Turnover	Turnover	Turnover	Turnover	Turnover	Turnover
Exports	Exports	Exports	Exports	Exports	Exports
Imports	Imports	Imports	Imports	Imports	Imports



Geographical breakdown of foreign trade

The main customer of goods exported by the EAEU Member States in January–June 2018 is the European Union (52.4% of total exports). The most significant goods volume among the EU countries was imported to the Netherlands (10.9%), Germany (7.6%), Italy (5.7%), Poland (3.9%). 25.1% of the exported goods were sold to the APEC countries including 12.5% — to China, 3.6% — to South Korea, 2.8% — to Japan, 2.4% — to the United States.

5% of exported goods were sold to the CIS states including 2.9% — to Ukraine. Export deliveries to Turkey amounted to 5.1% of the total export volume of the EAEU Member States.

Foreign purchases are focused in APEC countries (42.2% of the total goods imported) and the European Union (40.5%).

The largest volumes among the APEC countries account for

China (23.1%), the United States (6%), Japan (3.6%) and South Korea (2.8%). The most important countries of the European Union in terms of import are Germany (11.4%), Italy (4.6%), and France (4.5%).

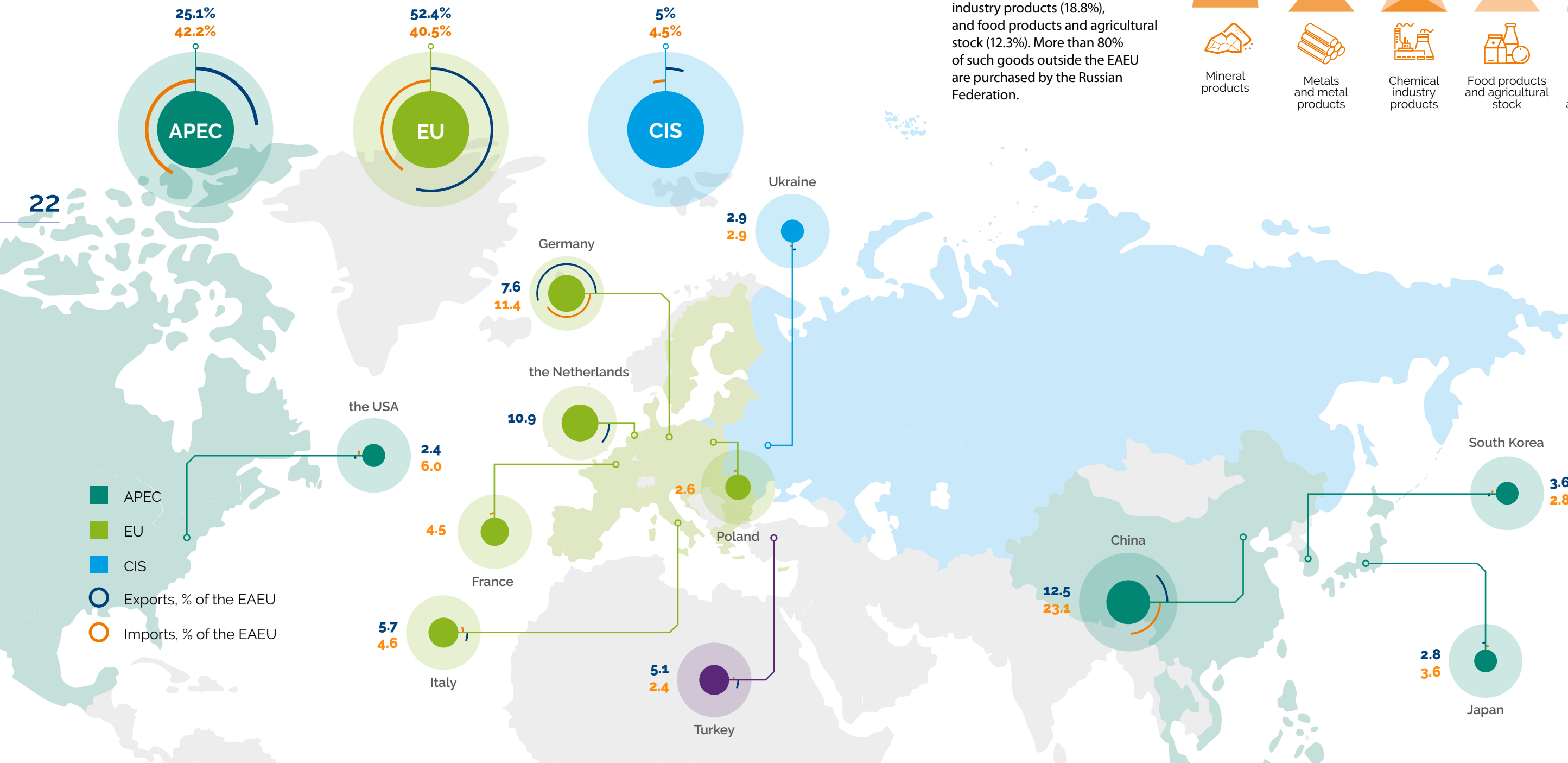
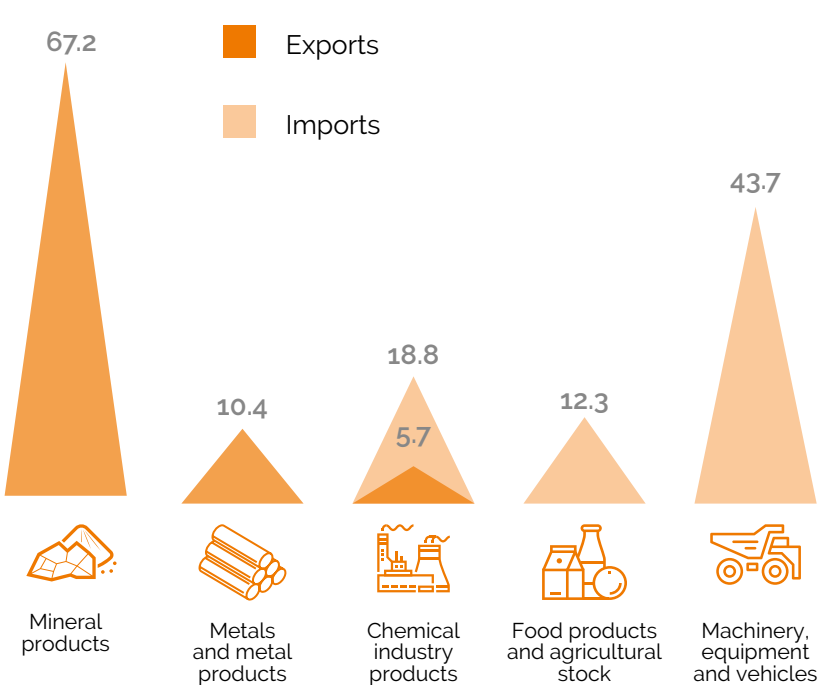
The CIS countries supplied 4.5% of the imported goods including 2.9% by the Ukraine.

The share of Turkey in total imports of the EAEU Member States is 2.4%.

Foreign trade export and import commodity structure, %

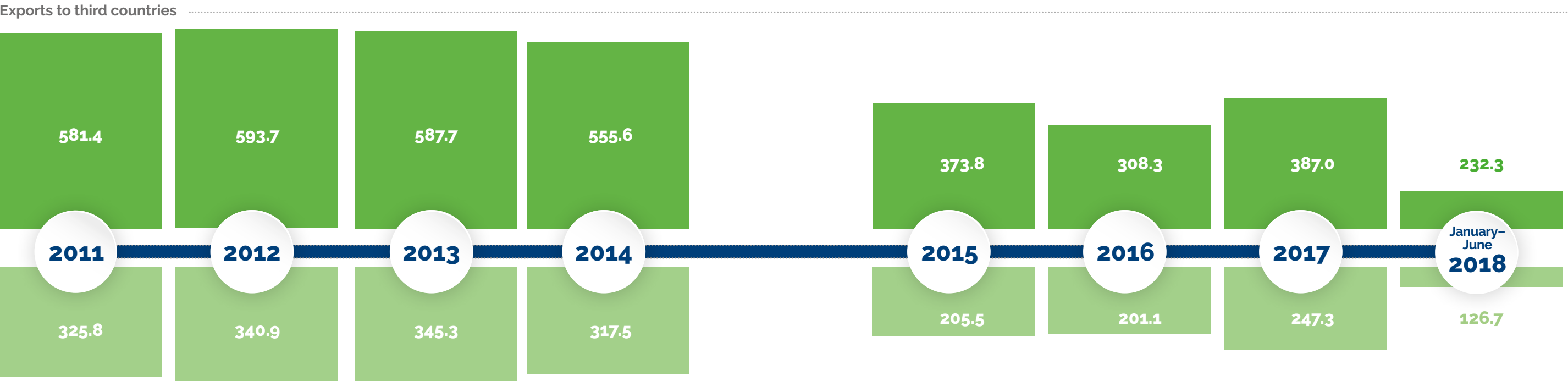
In January–June 2018, the prevailing goods in the export commodity structure of the EAEU Member States to third countries include mineral products (67.2% of the total export volume of the EAEU Member States to third countries), metals and metal products (10.4%), chemical industry products (5.7%). About 80% of these goods are sold by the Russian Federation at foreign markets.

The largest share of imports is machinery, equipment and vehicles (43.7% of total imports), chemical industry products (18.8%), and food products and agricultural stock (12.3%). More than 80% of such goods outside the EAEU are purchased by the Russian Federation.





Statistics on foreign and mutual commodity trade of the EAEU Member States, USD bln



Volume of mutual trade in goods

Aggregate foreign commodity trade volume of the Customs Union and the Common Economic Space Member States with third countries was USD 907.2 bln including exports — USD 581.4 bln, imports — USD 325.8 bln.

Volume of mutual trade in goods (total worth of export transactions of the Customs Union and the Common Economic Space Member States in mutual trade) equaled to USD 63.1 bln.

Aggregate foreign commodity trade volume of the Customs Union and the Common Economic Space Member States with third countries equaled to USD 934.6 bln including exports — USD 593.7 bln, imports — USD 340.9 bln.

Volume of mutual commodity trade of the Customs Union and the Common Economic Space Member States was USD 67.8 bln.

Aggregate foreign trade volume in goods of the Member States of the Customs Union and the Common Economic Space with third countries equaled to USD 933.0 bln including exports — USD 587.7 bln, imports — USD 345.3 bln.

Volume of mutual trade in goods of the Member States of the Customs Union and the Common Economic Space equaled to USD 64.5 bln

Aggregate foreign commodity trade volume of the Customs Union and the Common Economic Space Member States with third countries equaled to USD 873.1 bln including exports — USD 555.6 bln, imports — USD 317.5 bln.

Volume of mutual commodity trade of the Customs Union and the Common Economic Space Member States equaled to USD 61.2 bln.

Aggregate foreign commodity trade volume of the Eurasian Economic Union Member States with third countries was USD 579.3 bln including exports — USD 373.8 bln, imports — USD 205.5 bln.

Volume of mutual commodity trade of the Eurasian Economic Union Member States equaled to USD 45.6 bln.

Aggregate foreign commodity trade volume of the Eurasian Economic Union Member States with third countries was USD 509.4 bln including exports — USD 308.3 bln, imports — USD 201.1 bln.

Volume of mutual commodity trade of the Eurasian Economic Union Member States equaled to USD 43.0 bln.

Aggregate foreign commodity trade volume of the Eurasian Economic Union Member States with third countries equaled to USD 634.3 bln including exports — USD 387.0 bln, imports — USD 247.3 bln.

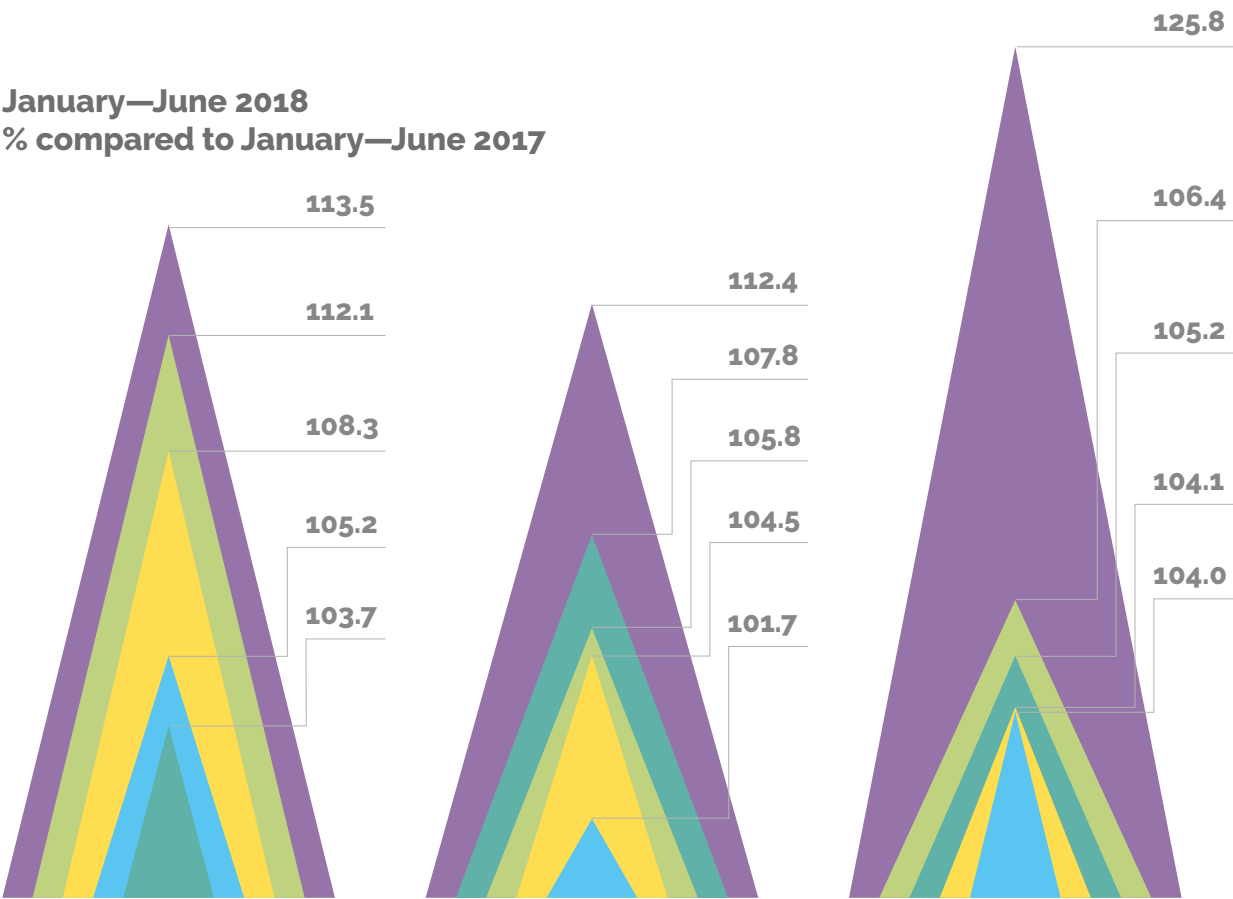
Volume of mutual commodity trade of the Eurasian Economic Union Member States was USD 54.7 bln.

Aggregate foreign commodity trade volume of the Eurasian Economic Union Member States with third countries for January-June 2018 equaled to USD 359 bln including exports — USD 232.3 bln, imports — USD 126.7 bln. As compared to January-June 2017, the volume of foreign trade turnover increased by 22.5% (USD 66 bln), exports — by 27.2% (USD 49.7 bln), imports — by 14.7% (USD 16.3 bln).

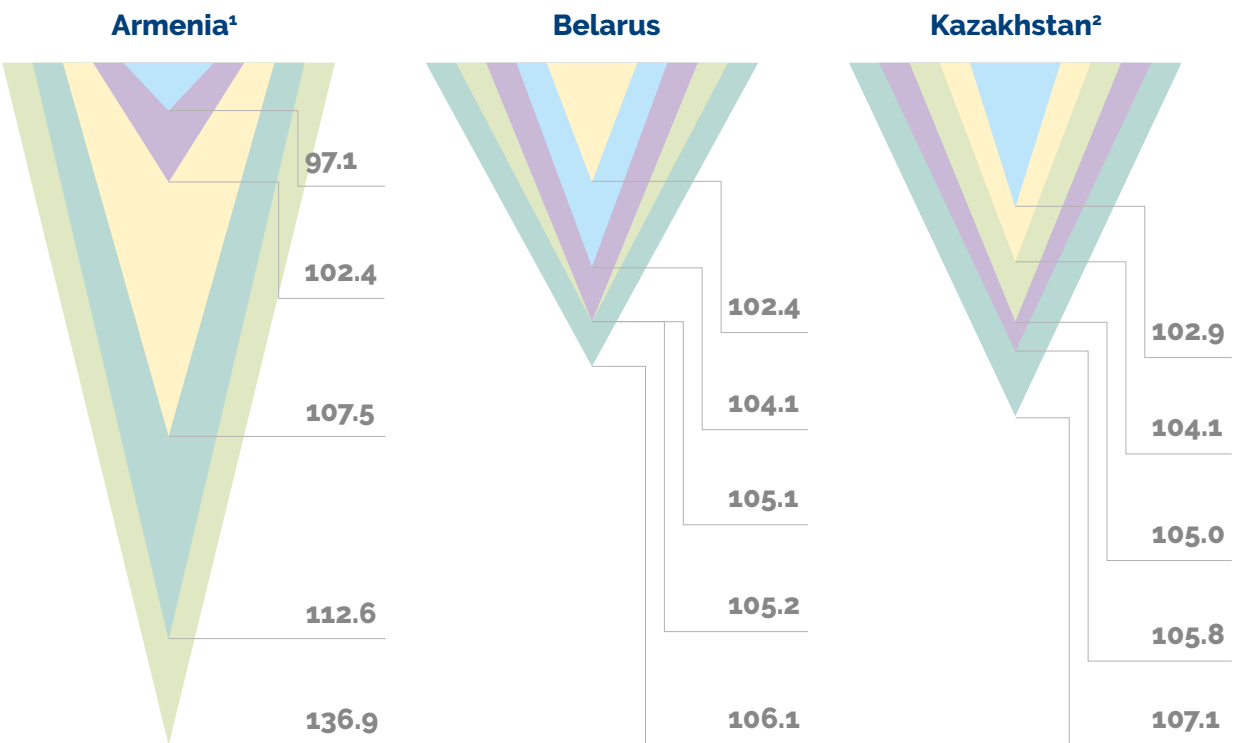
Volume of mutual commodity trade for January-June 2018 equaled to USD 29 bln or 113.7% as compared to January-June 2017.

Key social and economic indicators of the EAEU Member States for 2017–2018

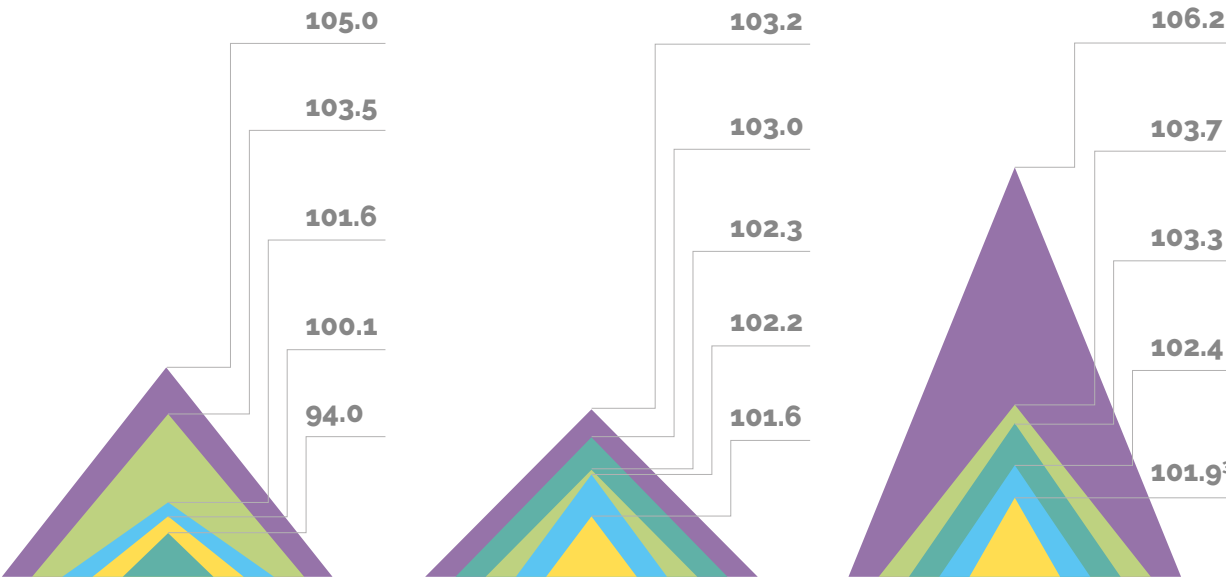
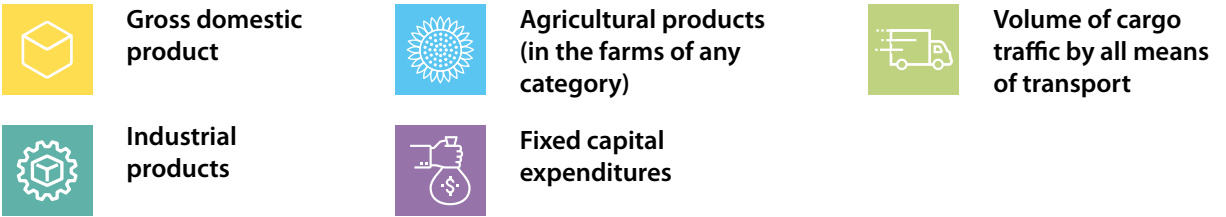
January—June 2018
% compared to January—June 2017



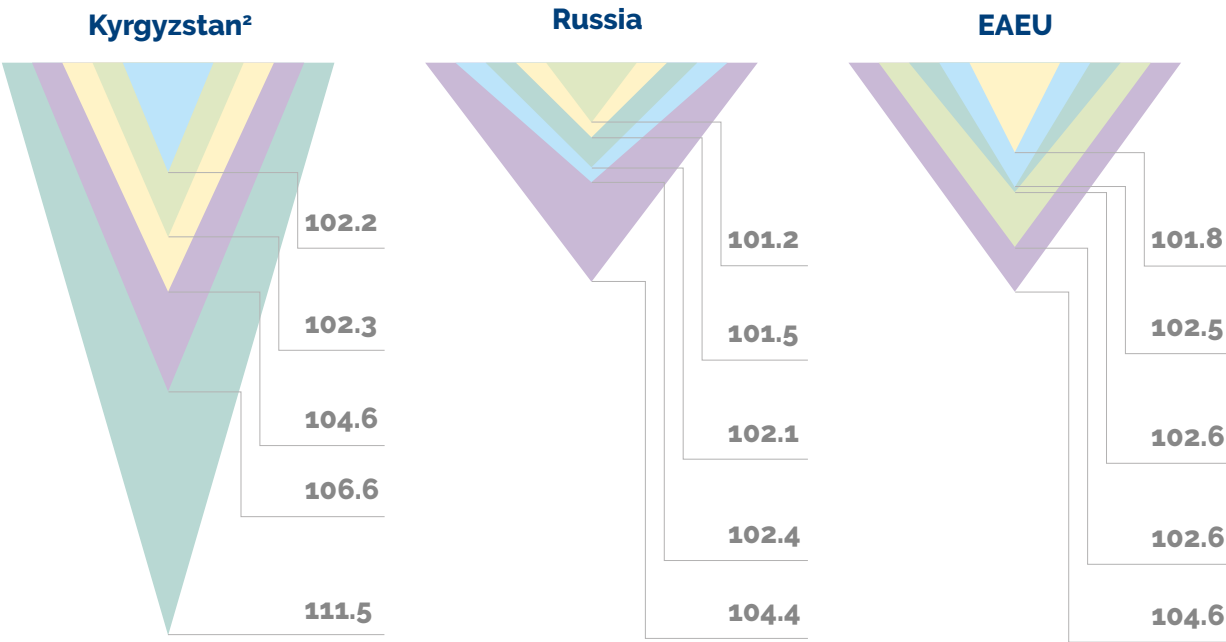
26



January—December 2017
% compared to January—December 2016



27



¹ Agriculture and fishing.
² Agriculture, forestry and fishing.
³ The EEC assessment.

From the Customs Union to the Eurasian One

The Customs Union (CU) is a form of trade and economic integration of the parties ensuring a common customs territory without customs duties (or other duties, taxes and levies with a similar effect) or non-tariff regulation measures. Special protection, antidumping and compensations apply to mutual trade transactions on such territory, with common customs tariff and common measures regulating foreign commodity trade with third countries.

The Customs Union secured free movement of goods. Therefore, the key integration areas of its participating countries — the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation — at this stage included customs cooperation, trade and technical regulation. The main challenges of the States include the development of a common legal environment for the key areas and promoting harmonization of the Member States’ national regulations for the remaining areas to take them from the national to the supranational level.

By **January 1, 2010**, the essential legal conditions had been created to make the association fully functional. This was when the authority for foreign trade regulation was assigned to the Customs Union Commission. From this moment on, in compliance with international treaties, the Commission’s powers apply to:

- changing the import customs duties rates;
- keeping the Commodity Nomenclature of the Customs Union Foreign Trade Activity;
- establishing tariff concessions and tariff quotas;
- determining the tariff preferences system;
- introducing non-tariff regulation measures.

Since **July 2010**, the Commission has been assigned powers to conduct investigations and other procedures, in anticipation of special protective, antidumping and compensatory measures for foreign commodities in the common customs territory of the Customs Union.

A third party is a State other than the Union’s Member State, an international organization or an international integration association.

On **July 6, 2010**, the CU Customs Code entered into force. A common regulation system in this sphere was introduced in three countries. Regulatory documents governing customs administration were adopted, including common rules for declaring goods, making customs payments and common customs procedures. Common rules for determining the customs value and the country of commodity origin began to apply. The information and analytical support system of customs tariff and non-tariff regulation was developed. It promoted a significant decrease in the number of documents required for registering customs declarations. Common CU-wide rules of commodity declaring were enunciated.

Keeping records of customs statistics of foreign and mutual trade of the Member States was arranged at this integration stage. A common statistical portal for the ten marks of Commodity Nomenclature of Foreign Economic Activity (CN FEA) was created. It provided detailed information on the structure of export and import transactions. As a result,

businesses of the Union countries were able to quickly track bad faith actions by foreign competitors and provide sound evidence to the Commission to conduct the relevant investigations.

An indirect tax procedure was applied to mutual trade within

the CU. Tax authorities of the three states established the practice of electronic information exchange on the withheld indirect tax amounts.

The Agreement on Establishing and Applying the Procedure for Debiting and Distributing Import Customs Duties (other duties and

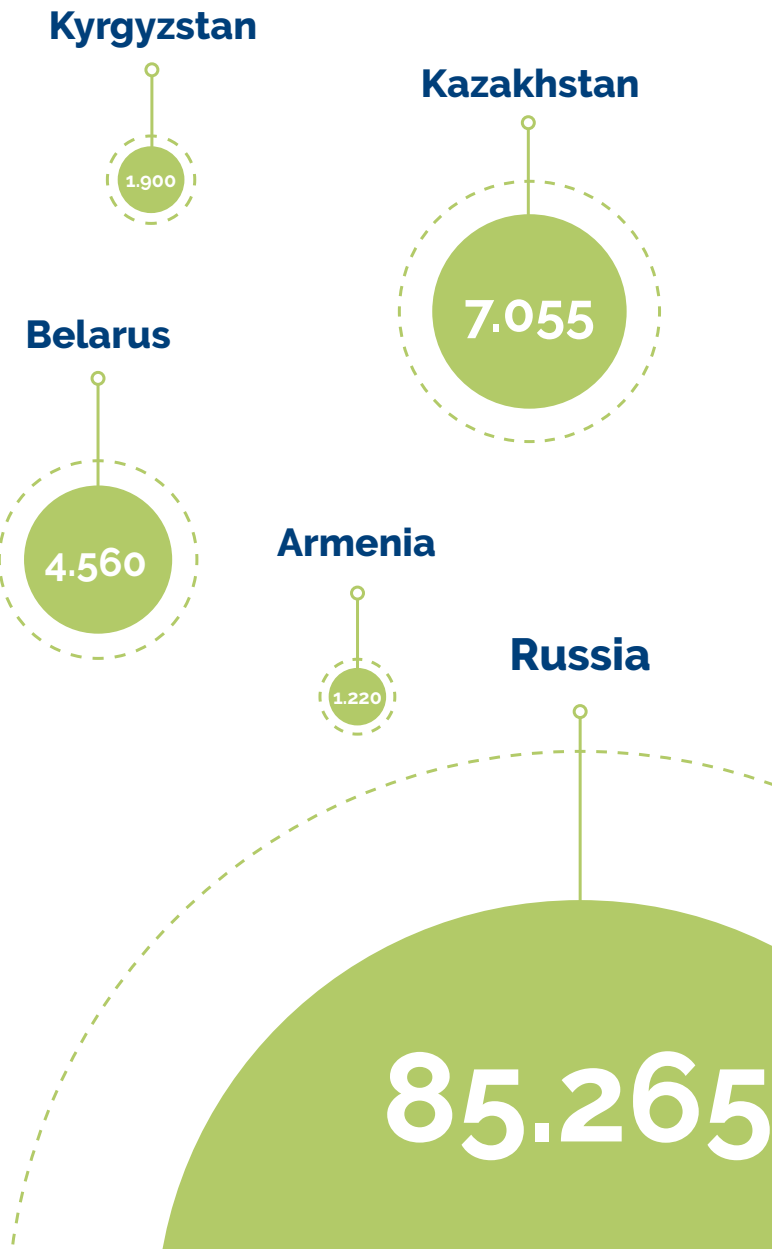
levies of similar effect) within the Customs Union was introduced.

In compliance with the agreement, the import customs duties paid on the territory of a Member State were allocated among the budgets of the Union States in line with the established standards.

Since **July 1, 2011**, customs control has been completely eliminated at inner boundaries between Belarus, Kazakhstan and Russia. All types of control and formalities were transferred to the CU’s external boundaries.

The establishment of the common customs territory was completed. It allowed for free movement of goods and vehicles of the Customs Union States and third countries on the territory of any Member State after their release for domestic consumption.

Since **January 1, 2017**, import customs duties have been allocated between the budgets of the EAEU Member States in line with the below standards, %



By the end of **2011**, the CU contractual and legal framework had been formed, including more than **70 international treaties** and more than **900 CU Commission’s decisions** by that stage.

This stage included one of the most important cooperation areas of the Union States — technical regulation activities, sanitary, phytosanitary and veterinary measures, protection of consumers' rights, in particular, development and adoption of technical regulations of the Customs Union and their inclusion into international standards.

This, in fact, is the key element for establishing a common market with no technical barriers, with common goods safety requirements and a unified standard base. Up-to-date regulatory framework in the technical regulation boosts competitiveness of products manufactured in the Union at the global market. The Eurasian Economic Commission that started on February 2, 2012 was assigned all the necessary powers in the sphere of technical regulation, sanitary, phytosanitary and veterinary measures. By the end of 2012, 31 common technical regulations had been adopted within the integration association.

Legal basis was established at the Customs Union stage to ensure successful development, which enabled a seamless transition to the next integration stage — the Common Economic Space.

What is the Common Economic Space?



The CES was forming gradually, by increasing the integration level, synchronizing the transformations effected by the Member States in their economy. The work also included joint actions to introduce a coordinated economic policy, unify the legislations in the spheres of economy, trade and other areas. The work was based on generally recognized regulations and principles of international law as well the world's best legislative practices.

On December 19, 2010, the decision of the CU supreme governing body adopted the Action Plan for the Establishment

of the Common Economic Space of Belarus, Kazakhstan and Russia, whereby the countries' leaders signed a set of relevant international treaties. One year later, on January 1, 2012, the decision of the Supreme Eurasian Economic Council introduced 17 basic international treaties establishing the Common Economic Space.

In 2013, another agreement was signed.

Moreover, in 2012, the Eurasian Economic Commission started its work, being the first supranational regulatory body within the CIS. Its decisions

apply directly in the territory of the EAEU countries. These decisions require no additional approval at the national level.

The emerging CES inherited the CU's prevailing activities in the sphere of customs, trade and technical regulation. At the same time, it extended the interaction of the Member States — the integration process actors — on the issues of securing free movement of services, capital and labor.

Comprehensive work was undertaken to identify and eliminate exceptions in the free trade regime, initiated by the Eurasian Economic Commission in 2013 under the instruction of Heads of the CU and the CES States.

Consistent and comprehensive efforts were taken in technical regulation, sanitary, phytosanitary and veterinary spheres for developing and adopting technical regulations and applying up-to-date inter-state standards. Work on technical regulations governing safety of the Union countries' products and related processes was in progress. More and more goods circulating within the CU and the CES became safer and better, and business got common requirements to the products in all the Member States' markets.

Agreed (coordinated) policies in the most important economic spheres were emerging: macroeconomics, transport, energy industry, foreign currency, migration as well as policies in such economic spheres as financial markets and intellectual property.

The leaders of Belarus, Kazakhstan and Russia approved the first policy-related document in the sphere of macroeconomic

policy — the Main Directions of Macroeconomic Policy of the Customs Union States and the Common Economic Space for 2013–2014. The document was drawn up based on analysis of social and economic development of these countries, key external risks and internal restrictions to ensure sustainable development of their economies. It set the key landmarks of macroeconomic policy of the Member States for a short-term period. The document is now updated annually.

Similar work was done in the sphere of industrial policy — in May 2013, the Supreme Eurasian Economic Council, at the level of Heads of Governments, adopted the Decision "On Main Directions of Coordinating National Industrial Policies of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation." This document built up the concept of industrial policies within the CES. A list of highest priority economy sectors for industrial cooperation within the CU and the CES was also drawn up. Key provisions of the decision were subsequently detailed and elaborated in the Main Directions of Industrial Cooperation approved by the Intergovernmental Council, which set the strategy and principles for mid-term developing this sphere within Eurasian integration.

To ensure development of the economy and industrial production as well as best distribution of resources at commodity markets, common rules for industrial subsidies were approved. The Commission was vested with powers for controlling the observance thereof by the parties.

Supranational coordination ensured by the Commission

based on interaction with authorities of the CU and the CES States, at this stage boosted agricultural products markets. This involved supporting a competitive environment in manufacture and trade in agricultural and food products, use of agricultural resources to increase the commodity producers' income, and availability of food supplies for consumers.

The Eurasian Economic Commission, in a close interaction with business representatives and expert community of the Member States, was working on development of business in the Union countries, creation of a fully functional internal financial services market in banking and insurance spheres and at the securities market.

Efforts were taken to liberalize the sphere of investments and business activity. In order to secure free movement of goods, services, capital and labor, a number of agreements in the sphere of intellectual property and labor migration was developed.

At this integration stage, the Commission was authorized, in compliance with the decision of the Supreme Eurasian Economic Council dated December 24, 2013, to control compliance with common competition rules at cross-border markets of the CU and the CES. These rules were introduced after ratification of the Agreement "On the Procedure for Protecting Confidential Information and the Responsibility for its Disclosure upon the Exercise by the Eurasian Economic Commission of Powers to Supervise Compliance with Common Competition Rules" in May 2015.

What is the Eurasian Economic Union?

The work undertaken for establishing the Common Economic Space and aimed at extended integration between the parties to the Eurasian economic project set the scene for the CU and the CES States for establishing the Eurasian Economic Union.



The Eurasian Economic Union (EAEU) is an international organization of regional economic integration, with the free movement of goods, services, capital and labor within its boundaries.

January 1, 2015

was when a new stage in the development of Eurasian economic integration started. The launch of a fully functional Eurasian Economic Union is not only the de-facto documentation of a deeper economic integration within the Eurasian space, as compared with the Customs Union and the Common Economic Space, but approval of the strategy for further integration development.

The Union exercises international legal personality. Formerly, the Customs Union and the Common Economic Space were functioning solely within the institutional structure of the Eurasian Economic Community (EurAsEC). Thus, the Eurasian Economic Union emerges as an essential element of the world's economic architecture. Pursuant to the Treaty on the EAEU, the Union is entitled to carry out international activity within its competence to address any of its challenges. The Union may collaborate with states, international organizations and integration associations and may, jointly with the Member States, enter into international treaties with the same on the issues referred to its competence. Regulations on the correlation between the Treaty and other

international treaties of the Union countries, its registration with the UN Secretariat, the provisions on accession to the Treaty and withdrawal from the same as well as the provisions on the Union observers were introduced.

The Treaty on the EAEU introduced a new internal procedure — assessment of regulatory impact of draft decisions of the Eurasian Economic Commission that may influence business activities. This is a substantial decision for transparency, balance and quality of supranational regulation as well as development of institutional measures improving the business climate.

The fundamental principle of the Union is the “Four Freedoms” principle documented waiving any internal market protection

measures in the mutual trade. The objective of Eurasian integration at this stage is to complete establishment of a common goods, services, capital and labor market. It shows deeper integration compared to the Customs Union and the Common Economic Space.

Common market rules prohibit the use of any restrictive measures against suppliers and service recipients from the other countries of the Union. Moreover, service providers are now entitled to tacit acknowledgement of authorizations and professional qualifications of employees (education, professional experience, level of competence, etc.). Besides, services are provided within the entire Union without any need of additional or repeated incorporation of a legal entity.

During development of the Treaty on the EAEU, codification of the CU and the CES contractual and legal framework was completed, including elimination of discrepancies, optimization and actualization of current regulations, bridging gaps and generating a common conceptual construct. The provisions were brought into compliance with the WTO rules and standards.

In 2015, the Republic of Armenia and the Kyrgyz Republic acceded to the Treaty on the Union. These countries had been preparing since 2012.

The Treaty on the Eurasian Economic Union was signed on May 29, 2014 at the meeting of the Supreme Eurasian Economic Council in Astana and entered into force on January 1, 2015. The Treaty on the Union is the regulatory and legal framework for the EAEU. This is a unified basic document developed based on the world's best practices.

The EAEU principles:

Sovereign equality of the Member States

Respect for aspects of political order of the association's members

Securing mutually beneficial cooperation

Compliance with market economy principles and operation of the Union's internal market free from exceptions and restrictions



Macroeconomics and statistics

Efficient EAEU functioning is unthinkable without an agreed macroeconomic policy stipulating for the development and implementation of joint actions by the Member States in order to achieve a balanced economy development. Pursuant to the Treaty on the EAEU, the key areas of the agreed macroeconomic policy include establishing the common principles for operation of the Member States' economies, enabling their efficient interaction, developing common principles and benchmarks to forecast social and economic development of the parties.

The Treaty enshrines the principles for generation and distribution of official statistics of the Union. It also implies vesting powers in the Commission, in particular, for the development and approval of official EAEU statistics generation methods based on official data of the Member States; as well as developing and approving with their authorities of the program for deeper integration in the sphere of statistics.



Integration

According to the Treaty, the Commission arranged for a continuous analysis of the Union's integration processes, preparation of proposals and compiled initiatives submitted by the Member States. The main integration directions include international activity of the Union, interaction within memoranda and cooperation agreements, the EAEU's expansion through accession of new states, etc.



Energy industry

Leaders of the Union countries have agreed to pursue a coordinated policy in the field of energy industry and establish common electric power, gas, oil and petroleum products markets. The coordinated energy policy will enable sustainable growth of national economies and energy security of states, protecting interests of consumers and energy producers. It also increases economic efficiency and reliability of the energy sector, best use of primary energy resources and extension of non-resource export potential.

The Treaty on the EAEU stipulates that establishing common energy markets will be completed in several steps. The international treaty on common electric power market of the Union is to be introduced on July 1, 2019 at the latest. Then its regulatory legal framework will be further developed, and then the market will become partly operational. The full-fledged activity of the common electric power market will synchronize with establishment of common gas, oil and petroleum products markets by 2025.



Transport

The Treaty on the EAEU determines the top priorities and tasks of coordinated transport policy in the EAEU Member States. It is focused on securing economic integration, consistent and gradual establishment of a common transport services market and common transport space to be based on competition, openness, safety, reliability, availability and environmental friendliness.



Technical regulation

The Treaty set the key provisions for arranging the common technical regulation within the EAEU. Thus, one of its key principles is establishing common and binding requirements to products and related processes (from design and production to disposal). Such requirements are set forth in the technical regulations of the Union. By July 2018, the list of technical regulations of the Eurasian Economic Union had already comprised 46 documents, 39 of which had entered into force. The number of standards in the lists to the EAEU technical regulations exceeded 11,000.

The Treaty determined creation of common medicinal products and medical devices markets within the EAEU. The execution of documents required for their operation was completed in 2016. They are based on a number of crucial principles, inter alia, harmonization and unification of national requirements, securing unified mandatory requirements to quality, efficiency and safety of drugs and medical devices, adoption of common rules on their circulation etc.

The primary common markets mechanisms were launched in May 2017. It was a socially significant event to tackle excessive administrative barriers within the Union for free movement of high-quality and affordable medicinal products and medical devices.



Industry and agricultural sector

An arrangement coordinated by the EEC was reached to establish and implement a unified agricultural policy by the Member States for such main directions as agricultural sector forecasts, state support of agriculture, regulation of common agricultural market, common requirements in the sphere of goods manufacture and circulation, development of agricultural and food products export, scientific and innovative development of the agricultural sector and integrated information support of agricultural sector.

One of the most essential and prospective mechanisms in this new stage of Eurasian integration is industrial cooperation. It pursues the agreed policy within the Union to accelerate and to improve economic development stability, increase the competitive ability of real sectors of the Member States and their innovative activities. The Treaty allows for substantial development of the CU and the CES contractual and legal framework that formerly governed only the issues of paying industrial subsidies. To promote and introduce innovations in the EAEU Member States and to distribute them throughout the Union, the Commission is working on Eurasian technological platforms, the Eurasian machine-tool engineering center and creates a common communications environment for the development and introduction of innovative solutions.



Economy and financial policy

To ensure regulation and development of common financial market of the Union, a supranational body is to be established by 2025. Its powers and functions are to be determined by the Member States upon completing the gradual harmonization of legislation.

For the taxes and levies sphere, the Union countries shall determine the targets for the tax policy harmonization and improving tax legislation. It shall also include the indirect tax collection mechanism associated with works, provision of services and approximating the rates for the most sensitive excisable goods.

The non-discrimination principle is at the core of the arrangements enabling to avoid unfair price competition in mutual trade of goods and services.

The Treaty on the Union envisages a common market in order to secure free movement of services in sectors mostly influencing the net cost, competitive ability and volumes of goods manufactured and sold on the internal market of the Union.



Labor migration

The Treaty takes the Union countries to a brand new level of cooperation in the field of labor migration. In order to enhance their employment opportunities, citizens of the Member States can work either under an employment or a civil law contract. Besides, no restrictions imposed by legislation of the Member States to protect the national labor market shall apply.

The direct acceptance of education and qualification documents without any formalities is guaranteed.

The Commission, jointly with the authorities of the EAEU States, is working on the Agreement on Pension Benefits for Working Population of the Member States. After it's signed, citizens of the Union countries will be able to get pensions for the period of their employment from the Member State they worked in. When awarding and paying pensions, all pension rights acquired on the territories of the Union States shall be considered.

Another important thing is the regulation on granting a full set of social benefits to the working population and their families on the same terms and according to the same procedure as the citizens of the country of employment. The working population and their families are also entitled to free emergency medical care (in situations of extreme gravity and urgency) on the same terms and according to the same procedure as the citizens of the country of employment.



Trade

The Treaty on the Union determined that foreign trade policy is implemented through entry into international treaties with a third party, by the EAEU individually or in conjunction with the Member States. The instrument of prime importance is preferential and non-preferential trade agreements.



Competition and antitrust regulation

The Member States agreed to pursue a common competitive (antitrust) policy in relation to business entities' activities in the EAEU countries. The Treaty on the Union also stipulates that the competitive (antitrust) legislation shall be applied equally and pari passu notwithstanding the form of legal entity's incorporation and place of registration of such business entities.

As for the sphere of public (municipal) procurement, the Treaty, while retaining the national provisions of contractual and legal framework of the CU and the CES, expressly determines that such treatment is granted to the Member States. Meanwhile, the Union's methods of procurement will be extended — in particular, a request for proposals will be introduced enabling to choose the best proposal based both on the price criterion and on any other criteria, such as completion time and work quality (qualification of bidders).



Internal markets

The Treaty stipulates for an internal Union's market — an economic space enabling free movement of goods, labor, services and capital. In this internal market, the Member States shall not apply any import and export customs duties, non-tariff regulations, special protective, antidumping or compensatory measures in their commodity trade. At the same time, the Union is working to identify and eliminate existing barriers, exceptions and restrictions interfering with the internal market operation.



Informatization

To ensure IT support of the integration processes, all spheres affecting the operation of the Union are developing and implementing measures to secure information interaction. This process is based on information and communication technologies and cross-border trust space, pursuant to the Treaty on the EAEU.

Integrating information systems of the Member States, implementing the approved policy in the IT sphere and digital economy, developing and implementing digital projects will ensure a multiplier economic effect in the nearest future.



Customs cooperation

A unified customs regulation is carried out within the Union in compliance with the EAEU Customs Code and international treaties and deeds governing customs legal relations based on the EAEU legislation and in compliance with the Treaty on the Union.



DIGITAL AGENDA

The Treaty on the EAEU included no digital agenda. However, considering **penetration of IT technologies into various branches of economy**, industry, into the operation of state government and authorities as well as everyday life of the citizens, it is obvious that new "digitalization" trends are now formed for most processes and objects in social and business environment. Economic relations associated with digital objects compliment or substitute for the traditional economy processes.

In order to build up **an efficient and competitive organization** being a part of a new global economy development stage, sustainable development of interconnected economies of the Union and living standards, the new challenges had to be met.

The importance of establishing the Union's digital space, considering all opportunities and risks of Digital Agenda, was recognized by the Presidents of the EAEU States. They signed the Declaration on the EAEU Digital Agenda, thus launching this direction within the Eurasian integration.

The Main Directions for the Implementation of the EAEU Digital Agenda until 2025 were approved in October 2017.

EAEU Institutions

Besides the industry-related content, the development of the Treaty on the EAEU included the establishment of institutional foundations of the Eurasian Economic Union.

The Treaty prescribes the structure of permanent governing bodies of the Union. The system of its governing bodies is based on a collective decision-making. The main governing body is the Supreme Eurasian Economic Council (SEEC) with its members comprising the heads of the Member States. The SEEC's meetings are held at least once a year. The Supreme Council determines the strategy, directions and prospects of forming and developing the Union and adopts decisions aimed to achieve its objectives. The Eurasian Intergovernmental Council (EIC) meets at least twice a year, at the level of Heads of governments. Upon the EEC Council's proposal, it deals with the issues on which the Council failed to agree in its decision-making process.

The Eurasian Economic Commission acts as a permanent supranational regulatory body of the Eurasian Economic Union. It is a kind of

supranational government with the headquarters in Moscow assigned by the national authorities with a part of powers. The Commission does not act to the benefit of any particular state, but unites and aligns the interests of all the Union countries, similar to the European Commission in Brussels. At the same time, the basic procedure rule differs from the European one — the EEC secures the principle of equality of the Member States notwithstanding economic strength, territory or population. With regard to its content and integration degree, the Eurasian Economic Union is the second example of an economic union in the world, after the European Union.

The judicial branch is represented by the Union's Court. Before this independent judicial body was established, the disputes within the Customs Union had been settled in the EurAsEC Court. The objective of the EAEU Court is securing uniform application of international treaties by the Member States in terms of agreements concluded with third parties and decisions adopted by the Union's governing bodies. The EAEU Court is headquartered in Minsk.

The Commission consists of the Council and the Board. The Council includes one Vice Prime Minister from each party; decisions are adopted by consensus. Each state in the Board is represented by two members; decisions are adopted by special majority or consensually.

The EAEU Customs Code

The Treaty on the EAEU Customs Code was signed on April 11, 2017 and entered into force on January 1, 2018.

The CC of the EAEU is a common code of rules and conditions of goods movement across the customs border of the EAEU. It is an advanced document facilitating customs formalities and, consequentially, improving business climate.

In 2016, considerable work was completed on the Draft EAEU Customs Code. It was undertaken by the Commission and public authorities along with the business community of the Union States. In compliance with the Treaty on the Union, the association had to introduce a common customs regulation pursuant to the CC of the EAEU and international treaties covering the customs regulation sphere.

NEW CUSTOMS CODE

is focused on electronic document circulation and use of up-to-date software and hardware at all stages — from submission of declaration to release of goods. This will enable substantial resource savings of the business community, facilitate the customs formalities and minimize interaction between the participants of foreign economic activities and public servants.

Institutions of the Eurasian Economic Integration

In the years 2012–2015, an efficient institutional foundation of the Eurasian economic integration was established: the Eurasian Economic Commission headquartered in Moscow, and the Court of the Eurasian Economic Union located in Minsk. A decision was adopted on establishing a financial regulator by 2025, to be situated in the Republic of Kazakhstan.

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

Established on

January 1, 2015.

Location

Minsk (the Republic of Belarus).

Functioning by virtue of

the Statute of the Court of the Eurasian Economic Union (Annex No. 2 to the Treaty on the EAEU).

The objective of the Court is securing uniform application by the Member States and the Union's governing bodies of the Treaty, international treaties within the Union, and international treaties of the Union with third parties and decisions of the Union's governing bodies.

The Court's structure includes two judges from each Member State, each with the term of office of nine years. The Chairman of the Court and its deputy are elected out of the Court's members by the Court's judges in compliance with the Rules and approved by the Supreme Eurasian Economic Council.

The Chairman of the Court and its deputy shall not be citizens of the same Member State.

The status, composition, competence, procedure and establishment rules of the Union's Court are determined by the Statute of the Court of the Eurasian Economic Union.

The Court settles disputes arising out of implementation of the Treaty, international treaties within the Union and (or) decisions of the Union's governing bodies upon application of the Member State or an economic entity (the Statute of the Court of the Eurasian Economic Union).

On January 1, 2018, Zholymbet Nurakhmetovich Baishev (the Republic of Kazakhstan) was elected Chairman of the EAEU Court.

The Eurasian Development Bank (EADB), the Eurasian Fund for Stabilization and Development (EAFSD) are not included into the system of the Union's institutions stipulated by the Treaty on the EAEU, but in fact may be treated as such. They are international financial organizations aimed at facilitating economic growth of the Member States, expanding trade and economic relations between them and developing

integration processes within the Eurasian space via investment activities.

The EADB was incorporated under the interstate agreement signed on January 12, 2006 by the authorized representatives of the Russian Federation and the Republic of Kazakhstan. The idea of establishing the Bank came from the Presidents of Russia and Kazakhstan.

In 2009, the Republic of Armenia and the Republic of Tajikistan,

then in 2010 — the Republic of Belarus, and in 2011 — the Kyrgyz Republic became full members of the Bank.

The EAFSD was incorporated in 2009 by Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan.

The EAEU Business Council is not included into the system of the Union's institutions stipulated by the Treaty on the EAEU, but in fact may be treated as a Permanent

Coordination and Advisory Body of business circles of the Union States. 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 the Republic of Kazakhstan "Atameken," the Kyrgyz Union of Industrialists and Entrepreneurs and the Russian Union of Industrialists and Entrepreneurs.

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

Established on

February 2, 2012.

Location

Moscow (the Russian Federation).

The first supranational regulatory body in the history of the Eurasian economic integration process.

Functioning by virtue of

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

The objectives of the Commission are

securing the functioning and development of the Union; making proposals in the sphere of economic integration within the Union.

Main principles of the Commission:

- ▶ ensuring mutual benefit, equal rights and respect for national interests of the Member States;
- ▶ economic feasibility of adopted decisions;
- ▶ openness, publicity and impartiality (Regulation on the Eurasian Economic Commission).

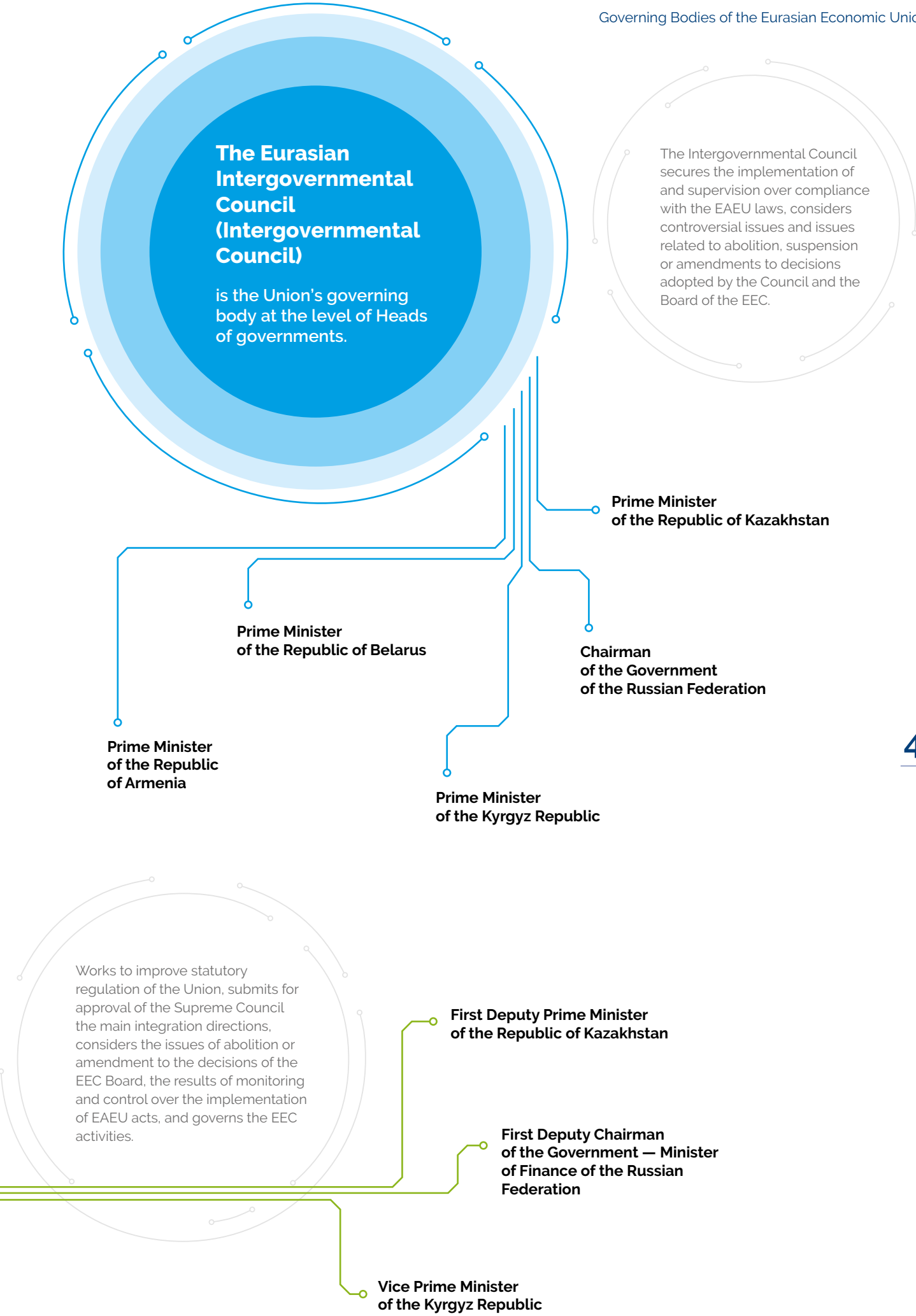
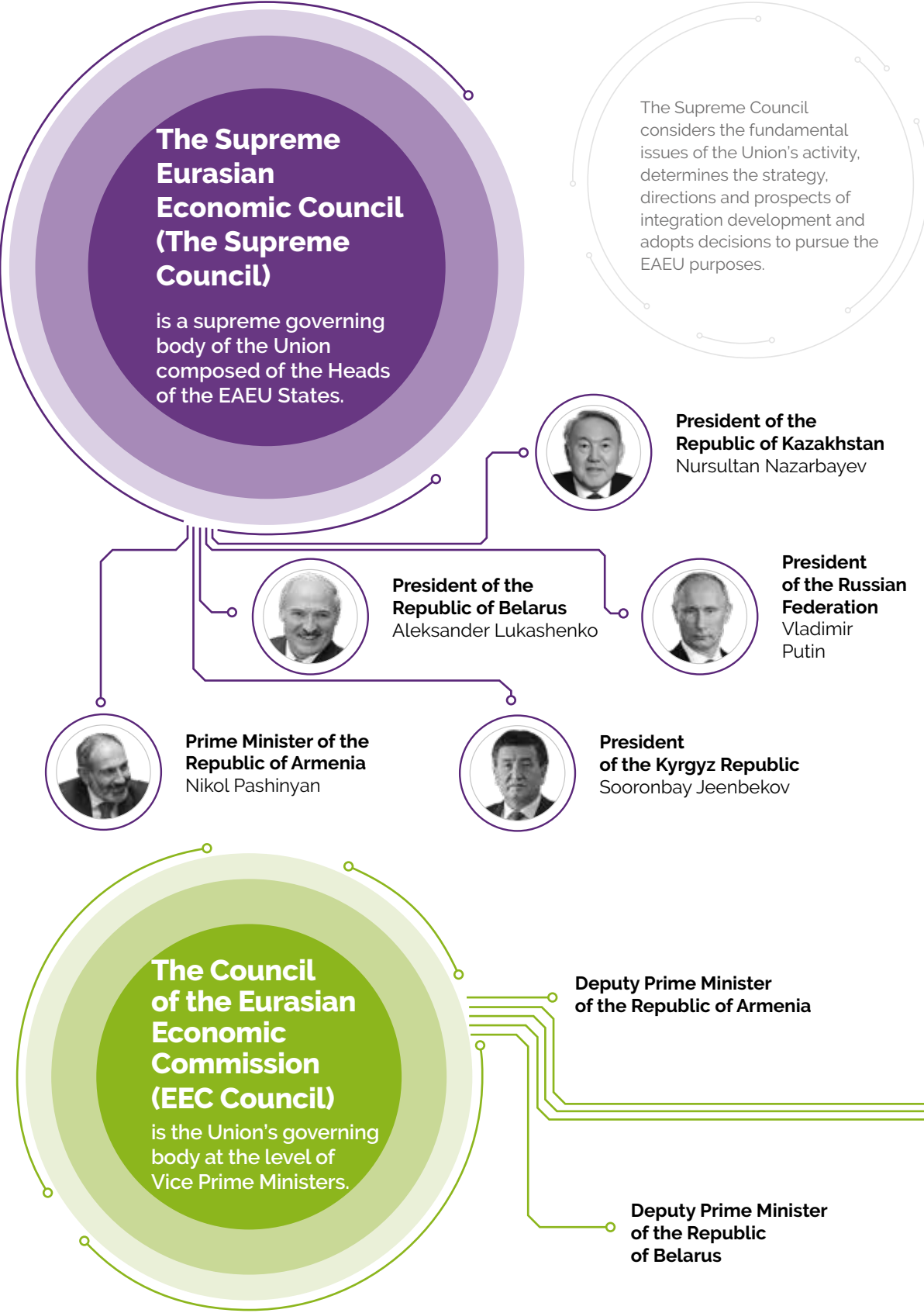
FINANCIAL REGULATOR OF THE EURASIAN ECONOMIC UNION

The creation of the EAEU financial regulator is scheduled for 2025.

The financial regulator shall be located in the Republic of Kazakhstan.



Governing Bodies of the Eurasian Economic Union





Contractual and Legal Framework of the Eurasian Economic Integration.

Key Documents

Integration potential provides additional opportunities for economic development of the Union States through most rational use of resources, diversification of economies, utilization of transport. This includes, in particular, transit, potential, development of competitive environment, financial markets and improvement of business climate, elaboration of common macroeconomic benchmarks and creation of an efficiently functioning common goods, services, capital and labor market.

Customs Union

2010–2012

The Customs Code of the Customs Union. Transfer of the CU Commission of powers related to foreign trade regulation (powers for adjustment of import customs duties, introduction of CN FEA, establishment of tariff concessions and quotas, setting tariff preferences system, introduction of non-tariff regulation measures).

Investigations and other procedural steps preceding introduction of protective, antidumping and compensatory measures on the CU's common customs territory with regard to the goods originating from foreign states.

2010

2012

Common Economic Space

2012–2015

17 basic international treaties constituting the CES.

2015

Eurasian Economic Union

2015

Program of gradual liberalization of coastwise road transportation of cargo.

Agreement on Coordination of Actions Aimed at Protecting the Intellectual Property Assets.

Concept of Establishment of the EAEU Common Electric Power Market.

Main Directions of the EAEU Economic Development.

Main Directions of Industrial Cooperation Within the EAEU.

2016

Agreement on Exchange of Information, Including Confidential Information, in Financial Sphere to Ensure Free Movement of Capital in Financial Markets.

Main Directions and Stages of Implementation of Coordinated (Agreed) Transport Policy.

Agreement on Methodology for Indicative (Forecast) Balances of Gas, Oil and Petroleum Products within the EAEU.

Concepts of Establishing Common Gas, Oil and Petroleum Products Markets of the EAEU.

The Program of Establishing Common Electric Power Market of the EAEU.

Introduction of the Agreement on the Free Trade Area between the EAEU and Vietnam.

2017

Customs Code of the Eurasian Economic Union.

Protocol on Exchange of Electronic Information between Tax Authorities of the EAEU Member States for Tax Administration.

Agreement on the Procedure for Collective Management of Copyright and Related Rights.

Agreement on Voluntary Harmonization by the EAEU Countries with the Commission of Specific Subsidies for industrial goods and conduct by the EEC of proceedings for the provision of specific subsidies by the Union States.

White Paper on barriers, exceptions and restrictions.

Main Directions for the Implementation of the Digital Agenda until 2025.

2018

Agreement on Labeling Goods with Means of Identification.

Signing of the Agreement on Trade and Economic Cooperation between the EAEU and the PRC.

Signing of the Interim Agreement leading to formation of a free trade area between the EAEU and Iran.

The SEEC's decision on assigning to the Republic of Moldova of the EAEU Observer State status.

2015

2016

2017

2018

Areas of Activity of the Eurasian Economic Commission



Tigran Sargsyan,
Chairman of the EEC Board

The Chairman of the Commission's Board manages the activities of the Commission's Board and is responsible for its operation. The position is appointed by the Supreme Eurasian Economic Council for the term of four years, on a rotation system, without the right of extension.

The Chairman of the EEC Board:

Administration and governance

- ▶ manages the Board, holds the meetings of the Commission's Board and takes responsibility for its actions or omissions;
- ▶ signs decrees, decisions and recommendations of the Commission's Board;

- ▶ arranges meetings of the Commission's Board, the Commission's Council, the Intergovernmental Council and the Supreme Council and reports to the Union's authorities on the issues requiring their decision;
- ▶ establishes the procedure for the Commission's departments, determines the issues within the competence of the Commission's departments and appoints directors of departments and their

deputies following the results of competitive tenders;

- ▶ enters into employment agreements, on behalf of the Commission, with the Commission's employees based on tender results;
- ▶ acts on behalf of the Commission as the budget administrator of the Union, manages the funds of the Commission, disposes of material resources of the Commission, enters into civil-law contracts and acts in the court.

International activities

- ▶ takes part in international activities of the EAEU; promotes ties and contacts of the Commission with foreign partners;
- ▶ upon instruction of the Council, represents the Commission in relations with third countries and associations.

Implementation of Digital Agenda

- ▶ implements the Union's Digital Agenda, inter alia, heads a top-level working group;
- ▶ manages the Project Office for the implementation of digital initiatives, which comprises the representatives of the five Union countries. The key task of the Office is to assess the prospects of projects submitted to the Commission, to identify their integration potential and to promote their implementation.

Developing integration

- ▶ contributes to the development of integration, submits to the Union's authorities strategic proposals for operation of the EEC and the EAEU in general.

Interaction with business and expert communities

- ▶ holds meetings of Scientific and Expert Council under the Chairman of the Commission's Board. The purpose of such meetings is a regular discussion of trends relevant for the Eurasian Economic Union, challenges and tendencies of the global economy development as well as internal development factors of the EAEU;
- ▶ heads, on behalf of the EEC, the Advisory Council for Interaction of the EEC and the Business Council of the EAEU, which ensures interaction and dialogue between organizations. The structure of the EAEU Business Council includes the representatives of business communities of the Union States.



Tatyana Valovaya,

Member of the Board — EEC
Minister in charge of Integration
and Macroeconomics

Main directions of integration

The Program of the EAEU development until 2025 is determined by the Treaty on the Eurasian Economic Union dated May 29, 2014. Besides that, the experience of the EAEU as well as transformation of international economic environment require updating the integration agenda to achieve the objectives enshrined in the Treaty on the EAEU, continuous development of the Union and consolidation of the association's position on the global stage.

Determining further course of Union's development, new forms and levels of cooperation is one of top priorities of the Commission. In this context, the work on improving regulations of the Treaty on the EAEU and developing the Union's legislation is in progress. It is done within the Consolidated Working Group engaging authorized representatives of the Member States of the Union and the EEC.

This work is performed in a number of areas. The most important ones are as follows:

- ▶ improving regulations of the Treaty on the EAEU and developing the Union's legislation;
- ▶ implementing the Main Directions of the EAEU international activity and elaborating proposals for development of the Union's external contacts;
- ▶ international positioning of the EAEU and promoting an unbiased perception of the Union by the international community;
- ▶ monitoring the current situation for main integration directions within the Union and analyzing the necessity and the prospects of development, deepening and expansion of the integration cooperation.

The external agenda of the Union is developing alongside with the internal one. Over the years,

the geography of international contacts of the EAEU, and the EEC as its permanent regulatory body, with the governments of third parties, regional associations, international organizations, business communities and expert circles of third countries is extending.

The key international cooperation formats are: preferential and non-preferential trade agreements, memoranda on cooperation and other deeds of international nature. Operation of consolidated working groups created under memoranda of understanding or cooperation between the EEC and the governments of foreign states is ensured and coordinated.

Efforts of the Union Member States and the EEC for deepening the integration and consolidation of the EAEU positions on the global stage secure its incorporation into the modern global economic architecture and enable positioning the Union as a crucial element of the Greater Eurasian Partnership, the boundaries whereof are being discussed at the moment.

The results of implementing the Main Directions of international activity of the EAEU in 2015–2017 show that tremendous work has been done over the three years of the Union's operation on the external route. A global recognition of the EAEU has been secured.

International interaction system formed in a short period of time addresses the issues of involvement of the EAEU into the global architecture of economic relations. In particular, by expanding geography and the export volume, integration of economic entities of the Union Member States into the international production chains, exploring the opportunities for establishing new cooperation attracting foreign investments and technologies to ensure economic development of the Union countries.

Macroeconomic policy

In compliance with the Treaty on the Eurasian Economic Union, a unified macroeconomic policy is being pursued at a supranational level.

The unified macroeconomic policy stipulates for the development and implementation of joint actions by the Member States by elaborating macroeconomic policy measures to ensure a balanced development of economy and securing macroeconomic stability of the Member States and the Union as a whole.

The coordination of macroeconomic policy is stipulated by establishing the single market of goods, services, labor and capital in the EAEU.

Member States maintain macroeconomic policy within this market to ensure efficiency of their economies.

Due to the fact that a significant part of economic regulations is accomplished at the national level by pursuing a coordinated macroeconomic policy, the Union is creating a favorable environment for increase in intrinsic resistance of economy to external impact and extends its economic integration.

The Treaty on the Union determines the following elements of the coordinated macroeconomic policy pursued by the Member States.

1. Compliance by the Member States with quantitative values determining sustainability of economic development (specified in the Treaty on the Union): annual consolidated budget shortfall in the public management sector; debt of the public management sector, the inflation rate.

2. To secure macroeconomic stability, the Eurasian Economic Commission holds consultations, develops country-wise recommendations aimed at stabilizing economic situation and meeting the macroeconomic indicators.

3. Following the Commission's recommendations by the Member States promoted the improvement of macroeconomic situation in 2017 in all the EAEU Member States. Consideration by the Member States of the Main Benchmarks on Macroeconomic Policy, which determines most crucial tasks for the Union countries' economies, both in the short and in the medium term, and including recommendations to fulfill such tasks.

4. Consideration by the Member States of the Main Directions of Economic Development of the Union until 2030, which determines the objectives, tasks of the development of the Union, areas, which may have a positive impact on the competitiveness of the Member States through collaboration, as well as criteria for determining the economic domains with integration potential. Implementation of the Main Directions of Economic Development shall ensure that each Member State gains an additional economic effect and accelerate (facilitate) the achievement of national strategic objectives through "trade creation," "economy of scale," "synergy," "single market" and other effects.

5. Discussion of the main macroeconomic trends, risks and prospects of economic development, formation of external parameters for forecasts and key hypotheses of the Member States' mid-term national economy development.

Statistics

Prompt and open access statistics are one of the factors boosting the competitive ability of the EAEU countries' economies and improving the investment climate within the Eurasian economic space. Activities of the Commission in the field of statistics promote transparency of integration processes regarding their statistical assessment. The Commission is working to provide the integration process with timely and versatile statistical information and analytical materials on social and economic development of the EAEU Member States.



Alexander Subbotin,

Member of the Board — EEC
Minister in charge of Industry and
Agriculture

Industry

The key objectives of industrial policy within the EAEU include accelerating and improving sustainability of industrial development, improving competitive ability of industrial sphere in the Member States. It also ensures efficient cooperation to increase innovative activities, eliminate barriers in the industrial sphere, in particular, in movement of the Member States' industrial goods.

Industrial policy within the Union is formed by the participating countries for the main industrial cooperation directions and includes advisory support and coordination on part of the Commission. Tasks, principles and instruments of industrial policy as well as competence of the States and the Commission are determined in section XXIV Industry of the Treaty on the EAEU.

Based on the Main Directions of Industrial Cooperation within the EAEU adopted by the Heads of governments, the currently implemented industrial policy of the Union is focused on the joint launch by the Member

States of new types of export-oriented products. It is achieved, inter alia, through deepening of cooperation and increasing the local content of products, creation of new production chains and innovative industry sectors, production improvements in traditional branches; boosting the exports of hi-tech products.

Cooperation within the Union is developing in top-priority branches; business and innovative infrastructure are being formed, including technological platforms, engineering centers. The Union is working to establish an environment that promotes fair competition, development and implementation of interstate programs and projects, introducing industrial cooperation and subcontracting network, creating a technology transfer system.

Besides, the functions of the Commission have been expanded in the sphere of granting industrial subsidies since April 2018. Thus, the EEC is vested with powers for voluntary harmonization of specific subsidies and checking

the subsidies granted by the Member States in case of any evidence of damage to the national economy sector. The decision on approval of a specific subsidy is to be adopted by the EEC based on the analysis of a subsidy's compliance with the criteria of admissibility or non-admissibility as determined by the Agreement on Voluntary Harmonization of Specific Subsidies. In case of proceedings between the Member States, the Commission will act as a third non-interested party to ensure an unbiased analysis of all aspects of granting a specific subsidy. The EEC's rulings following the proceedings results shall be binding on the EAEU countries.

In 2016, the Eurasian Intergovernmental Council adopted a decision on establishment of the Eurasian Machine-Tool Engineering Center.

It shall become operational in 2018. Activities of the center will be focused on generation and introduction of innovative decisions into industrial production to facilitate the transition of the Union countries

to a new technological paradigm, as well as the solution of the import dependency issues.

The Eurasian Engineering Center is a network structure involving authorized organizations of all the Union States, which in fact are the centers of competences in the engineering sphere. It enables all the countries to take part in large-scale modernization projects, to enable the transfer of technologies, the exchange of knowledge and respect for interests of participating countries within long-term forecasting and strategic planning of machine-tool industry development.

Agricultural sector

The Member States, as coordinated by the EEC, pursue an agreed agricultural policy in the agricultural sphere focused on efficient management of the Union countries'

resource potential for manufacture of competitive products, meeting the needs of the common agricultural market, decrease in import dependency and increasing the export potential. In compliance with the Treaty on the EAEU, this activity stipulates for the development of mechanisms and measures of interstate interaction for implementation of integration processes and ensuring sustainable development of the agricultural.

To this end, the Eurasian forecast demand and supply balances are prepared for the key types of agricultural products. Compliance by the Union countries with their obligations in the field of state support of agriculture is monitored and proposals to improve state support efficiency are elaborated. Unified requirements in the sphere of manufacture and circulation of agricultural products

and food, recommendations for developing cooperation of the Member States for susceptible agricultural goods are developed; actions aimed at eliminating barriers in mutual trade are coordinated. The mechanisms of technology transfer and R&D cooperation are developing; harmonized approaches to export development are established. The agricultural sector subsystem was introduced as a part of the integrated information system of the Union in order to automate the main directions of agreed agricultural policy.

Maintaining the coordinated agricultural policy ensures the creation of a Union-wide system of branch priorities, the formation of cooperation chains considering the national specialization and resource bases, enhancement of food safety within the EAEU and consolidation of positions of the States and the Union as a whole in the global market of agricultural products.

In 2017, industrial output
across the EAEU
increased by **2.6%**

Manufacture
of agricultural
products across
the EAEU
increased by
2.5%



Karine Minasyan,

Member of the Board — EEC Minister in charge of Internal Markets, Informatization, Information and Communication Technologies

The EAEU Digital Agenda

Digital transformation of economy is one of the main conditions for the Eurasian Economic Union's development as a present-day integration format in line with the global leaders of digital economy: the USA, the EU, the ASEAN and China. Importance of the Digital Agenda was announced in late 2016, when the Heads of the EAEU States signed the Declaration on the Union's Digital Agenda. As early as in 2017, the Digital Agenda became one of the key issues in the Commission and all the EAEU States.

In 2017, the Commission, in consort with the governments of the EAEU Member States, created a high-level working group to draw up the Main Directions for the Implementation of the Digital Agenda of the Eurasian Economic Union until 2025 headed by the Chairman of the Commission's Board, Tigran Sargsyan.

In October 2017, the Main Directions were approved at the meeting of the Supreme Eurasian Economic Council. The document served as the basis for the Procedure of Elaborating Initiatives Within the Framework

of Implementation of the EAEU Digital Agenda approved by the Heads of governments of the EAEU countries. In December 2017, the Commission's Council approved the criteria for assessing initiatives within the framework of the EAEU Digital Agenda.

Currently, six priority areas for elaborating initiatives for digital projects have been approved. These are: digital traceability, digital trade, digital transport corridors, digital industrial cooperation, agreement on data turnover, the regulatory sandboxes system. The project office for the implementation of digital initiatives was established and headed by the Chairman of the EEC Board, Tigran Sargsyan. It comprised the representatives of the five Union countries. The key task of the office is assessment of prospects for any submitted project, identification of their integration potential and ensuring their execution.

The Eurasian Economic Commission is conducting an in-depth examination of more than 25 initiatives obtained from businesses and public authorities of the Member States. Three of them have entered into an investigation stage following the results of analysis and discussions

with the experts. Thus, for instance, the preparation of the concept for establishing the Union's traceability system has commenced, which is one of the six priority project areas. Its core is the monitoring and analysis of the entire product life cycle, which is more than just labels used to protect from pirating goods. Integration of a traceability system within the entire EAEU space will enable control over legitimacy of commodity turnover on the territory of the Member States and tracking movements of goods. This will help decrease the burden of businesses to a great extent — the number of statements will be reduced, while surveillance mechanisms will be facilitated through application of the so-called smartsoft-surveillance.

Informatization, information and communication technologies

Digital transformations are based on changes related to introduction of information and communication technologies. The main vectors in the implementation of the agreed EAEU policy in this sphere rest upon modernizing interstate

communication processes, securing interoperability and applying harmonized models of information (data) use.

For these purposes, the Commission is working on establishing digital platforms to render electronic interstate services to individuals and businesses. One of such digital platforms will be created on the basis of an integrated information system of the Union based on a single data model to ensure diverse types of interstate information exchange (S2S, G2G, B2G, B2B).

The Commission's measures include escalating electronic data exchange in implementation of common processes (the current list of common processes includes 80 items). It shall be achieved by means of integrated information system of the Union, using digital signature and developing cross-border trust space, the Single Window systems, synchronizing pending projects in the context of digital transformation, preliminary process modeling upon preparation of regulatory documents.

The most important events of the Eurasian Economic Commission shall include the creation and development of instruments for harmonizing information in a soft-copy form (e-documents).

In the context of this activity, the Regulation on the Data Model of the Eurasian Economic Union was developed and approved under Decision No. 190 of the Commission's Board dated December 26, 2017. It shall secure application

of unified methodological approaches and unified decisions while creating the structures of e-documents, information in a soft-copy form approved or recommended for use by the Commission.

The Union's data model is used to ensure application of single methodological approaches and unified decisions upon creation of e-document structure, information in a soft-copy form approved or recommended for use by the Commission.

At present, the Union's data model secures generation of soft-copy documents (e-documents) for the areas related to the implementation of common processes within the EAEU.

In the future, the coverage of the Union's data model will develop allowing for extension of lists of interstate (cross-border) e-services with the highest priority for implementation, unification of B2G interaction procedures and documents used as part of such procedures.

Internal markets

The analysis of the results of national segments development within the Union's internal market shows that the reasons for these obstacles include systemic, market-determined (structural), infrastructure factors that may comprise differences in the economic reforms models of the Member States and the level of institutional transformations, level of the Member States' diversification by the structure of economies

and foreign trade, and, in particular, the level of infrastructure and material and technical base development in the Union Member States.

In response to the need to improve institutional framework of the Union, the strategic objective of the EAEU in the internal market is eliminating any obstacles inhibiting free movement of goods, services, capital and labor in the Union through joint of institutional transformations of the national segments of internal market.

Other ambitious initiatives may be implemented to achieve the strategic objective in the long run. For instance, making a strategy to secure the Union's internal market operation free from barriers, exceptions and restrictions and specifying top priorities in the elimination of obstacles as well as development of joint projects ensuring formation of mutually beneficial economic interests.

The EEC is consistent in eliminating barriers in internal markets of the Union to create a common economic space with free movement of goods, services, capital and labor, to establish an efficient business environment. A road map was created for the years 2018–2019 to eliminate exceptions and restrictions. As of August 2018, 24 obstacles have been overcome since 2017: 15 barriers, 7 restrictions and 2 exceptions.

Timely measures that helped prevent new obstacles enabled businesses of the EAEU countries to avoid additional financial and transaction costs of about USD 70 mln.



Emil Kaikiyev,

Member of the Board — EEC Minister
in charge of Energy and Infrastructure

Energy industry

The key task of this area is pursuance of coordinated energy industry policy of the Eurasian Economic Union Member States for efficient use of the aggregate energy potential and establishing common energy resources markets. This will ensure energy security and sustainable growth of national economies of the Member States.

It will secure the balance of interests of energy resources consumers and producers, increase economic efficiency and reliability of fuel and energy industries, will optimize the use of primary energy resources and expand non-resource export potential.

Long-term stable development of the Union countries' economies is impossible without the support of a constantly developing fuel and energy industry. Therefore, it is crucial for the Union to maintain a coordinated energy

policy of the Eurasian Economic Union's countries focused on the establishment of common electric power, gas, oil and petroleum product markets.

Transport and infrastructure

The main objective of this area is implementation of a coordinated (agreed) transport policy of the Eurasian Economic Union Member States. It is required to ensure economic integration, consistent and gradual establishment of a single transport space based on competition, openness, safety, reliability, availability and environmental friendliness. This implies the establishment of a common transport services market, adoption of coordinated measures to ensure common advantages in the sphere of transport and infrastructure, implementation of best practices, integration of transport systems of the Union countries into the world's transport system, efficient use of transit potential of the Member States, improvement

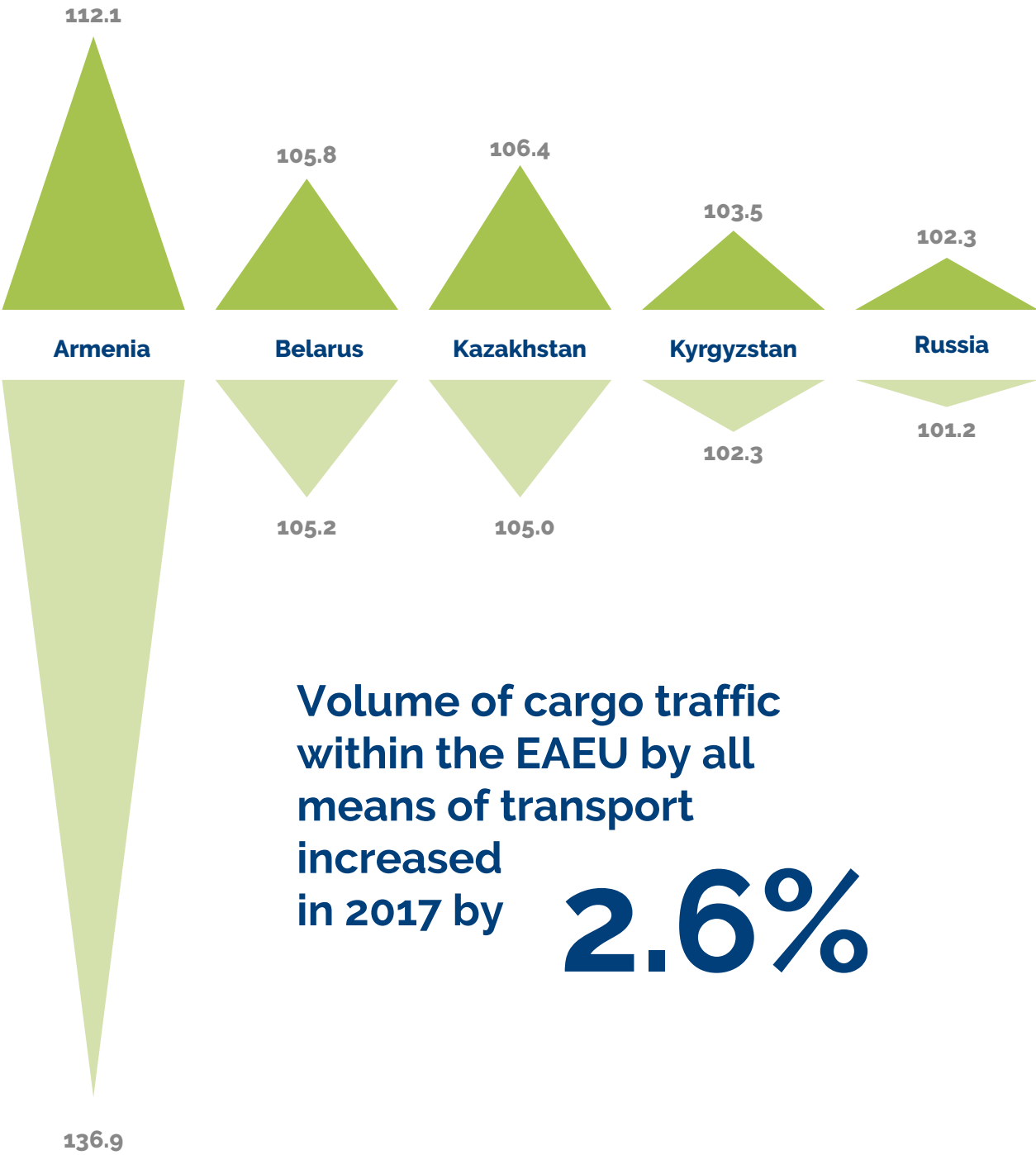
of transport services quality, ensuring transport (technological) safety.

In the context of globalization advancement, new opportunities arise for the Union to implement its transit potential — by building a land bridge between Europe and Asia. Use of synergetic effect in this field is one of the key advantages of the integration.

Natural monopolies

The objectives of this area include application of common principles and rules to regulate activities of natural monopoly entities established by the Treaty on the Union, facilitating harmonization of natural monopoly spheres and determining the procedures for coordinating the EAEU States' legislation. Achieving these objectives will facilitate receipt of goods and services by consumers, ensure transparent and non-discriminatory environment for accessing the infrastructure by natural monopolies.

January–June 2018
% compared to January–June 2017



Volume of cargo traffic
within the EAEU by all
means of transport
increased
in 2017 by **2.6%**

January–December 2017
% compared to January–December 2016



Timur Zhaksylykov,

Member of the Board — EEC
Minister in charge of Economy and
Financial Policy

Establishing common financial market of the EAEU

The most important strategic objective of the EEC is building a common financial market of the Union by 2025. The concept of its establishment is being developed at the moment. The document will prescribe the legal mechanism, define the key areas of establishing the common financial market, and determine the boundaries of its infrastructure development. Looking forward, it will secure free movement of capital, diversification of risks, increase in competition at financial services market, elimination of barriers to mutual access and access of businesses and citizens to financial instruments of the Union States.

Tax policy and administration

The Commission's objective is creating a tax environment for non-discriminatory business activity within a common economic territory and overcoming obstacles on this way. A planned approximation of excise tax rates is very important for the most sensitive goods — alcohol and tobacco. Major work areas within the EAEU also include development of conceptual approaches to equal non-discriminatory taxation of e-services and tax administration of mutual trade without prejudice to businesses.

Single services market. Business and investments

Section XV of the Treaty on the EAEU prohibits introduction of any new restrictive measures to any newly incorporated or existent entities including service providers and receivers.

Moreover, the single services market was formed on January 1, 2015 being the space where:

- ▶ work permits and professional qualifications of personnel are tacitly accepted;
- ▶ activity of non-resident service provider does not require repeated incorporation.

As of June 2018, the single services market has been formed for 49 sectors.

The most important strategic task of the EEC is building a common financial market of the Union by 2025.

Section XV of the Treaty on the EAEU prescribes that the States and the EEC liberalize trade in services, incorporation and any other activity curtailing the remaining restrictions and exceptions (from protective modes) with simultaneous application of best international practices for regulation in the sphere of business and investment activity that would be least burdening for business.

Regulation rules adopted by the Supreme Council determine the mandatory assessment of regulatory and actual impact of draft legal acts. They establish a single list of authorizations and notifications as well as stipulate for introduction of a risk assessment system upon control and supervision and other obligations of the EEC and the governments of the Union States to guarantee business rights.

Through implementation of the Rules in 2018–2019, the guarantees of business rights will be enshrined in the law, which will result in eliminating uncertainty, localizing and preventing barriers and increasing investment attractiveness of the Union States.

Entrepreneurship advocacy

To eliminate excessive administrative barriers for business in the Union countries the Commission holds an expert examination of efficiency of the elaborated acts affecting the interests of entrepreneurs.

From October 2012 to the first half of 2018, an analysis of more than 2.5 thousand draft acts of the Commission was held. Proposals were enunciated for every ninth act to avoid obstacles and unreasonable expenses for businesses.

Since April 2015, the regulatory impact assessment (RIA) procedure for the draft EEC decisions has been integrated into the Commission's practices. In the lifespan of its existence during the public discussion of 257 draft decisions of the EEC, 6,231 objections and proposals have been received, which on average makes 24 comments per draft document. At the same time, the share of consideration of objections and proposals filed by business community has reached 62.72%, which suggests regulatory flexibility of the EEC and appreciation of business circles requirements.

RIA results not only in improving individual document provisions but also in changing conceptual approaches to the introduction of supranational regulation within the EAEU considering its impact on businesses.

Intellectual property

The maintained agreed policy in the sphere of intellectual property enables creating the most favorable environment for the right holders of the Union States. Thus, after the Agreement on Collective Management of Copyright and Related Rights enters into force, the transparency of collective rights management organizations will enhance and the right holders will be able to control validity of fee allocation. Entry into force of the Regulation for Keeping Common Customs Register of Intellectual Property Items will facilitate and accelerate their registration procedure.

Besides, the Commission has developed proposals for increasing efficiency of combating infringements of intellectual

property rights as well as generating registration data. This will ensure elaboration of a uniform law enforcement practice in the EAEU States.

The EEC also works on legalization of parallel imports for specific types of goods in the EAEU territory and creation of a new statutory remedy to protect the Union's trademarks and origin marks.

Labor migration and social protection

The Treaty on the EAEU secured freedom of movement of labor resources and the protection of their rights, which in fact means that a single labor market has been established within the entire integration space.

The EEC continues its work on initiatives that — when implemented — will promote more efficient operation of the single labor market. At the same time, a prerequisite for any actions is security of equal rights of the working population — citizens of the EAEU States.

The Agreement on Pension Benefits is being developed for the working population of the EAEU Member States. It shall establish equal conditions for the Union's citizens in all the countries of employment. An efficient interaction mechanism is being formed for competent authorities and employers of the States to facilitate well-managed recruitment of employees from the EAEU States to engage in employment activity. It will enable mitigation of existent risks both for the working people and the employers and will promote an increased mobility of labor resources within the Union.



Mukai Kadyrkulov,

Member of the Board — EEC Minister in charge of Customs Cooperation

Customs cooperation

An important factor of sustainable development of the Eurasian Economic Union is efficient foreign economic activity. Providing a comfortable background for business environment and business activity, customs regulation serves as one of the factors of economic development of the EAEU States. Thus, the main long-term objective in this area is creating simple and soft customs administration mechanisms for businesses. These measures are meant to create equal competitive conditions for foreign economic activity throughout the entire Union's territory.

The sphere of competence of the Commission's customs department covers a wide range of customs regulation issues. It includes various aspects of statutory regulation of relations arising out of movement of goods across the customs border of the Union, their transportation to the EAEU under customs control, bonded storage,

customs declaration, release and use in compliance with customs procedures, exercise of customs control, payment of customs duties.

At this stage of the integration development, the following priority areas of the Eurasian Economic Commission's customs unit may be distinguished:

- ▶ formation and improvement of customs legislation of the EAEU as well as securing uniformity of its practical application;
- ▶ development of futuristic technologies on the common customs territory of the Union such as the Single Window mechanism within the system of regulation of foreign economic activity of the EAEU Member States, the institute of authorized economic operator,

the system of identification of foreign economic activity participants etc.;

- ▶ development and improvement of customs information technologies and common processes within the EAEU stipulating for information interaction between customs and other public authorities as well as FEA participants;
- ▶ formation of an agreed policy of the Member States in the field of equipping outer boundaries of the EAEU, development of standard requirements to customs infrastructure elements and preparation of border checkpoints, harmonization of introduction of cutting edge technologies;

The main long-term objective in this area is creating simple and soft customs administration mechanisms for businesses.

Measures developed and taken are meant to create equal competitive conditions for foreign economic activity throughout the entire Union.

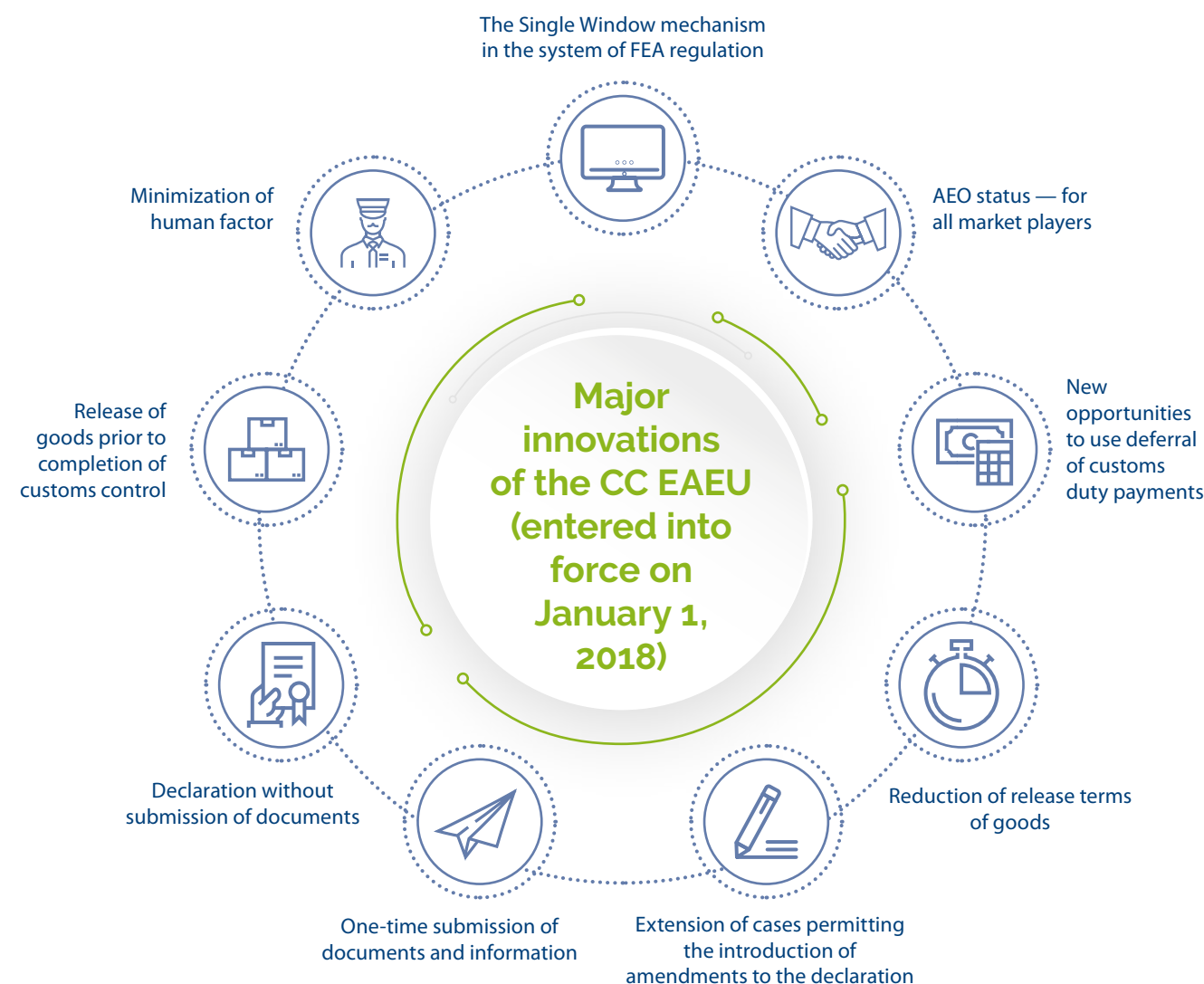
- ▶ reengineering of traditional practice of FEA pursuit and regulation on the EAEU territory through transition to electronic communications, development and introduction of e-document structures and formats and information in a soft-copy form used for customs purposes;
- ▶ interaction with the World Customs Organization and other international field-specific structures; examination

and analysis of best global practices, advanced experience aimed at facilitation of customs rules and formalities as well as increase in customs control efficiency in foreign economic activity for the purpose of their subsequent integration into the EAEU practice;

- ▶ securing interaction between the EEC and business associations of the EAEU States as a part of the work by the Advisory Committee

on Customs Regulation and Advisory Committee on Interaction of Supervisory Authorities at the Customs Border of the EAEU;

- ▶ arranging information interaction between the customs authorities of the EAEU Member States and other countries;
- ▶ ensuring conditions of functioning, development and elaboration of single approaches to location, construction, reconstruction operation and fitting-out of places of movement of goods across the EAEU customs border, free (specific, special) economic areas, bonded warehouses, customs warehouses, duty-free shops, and administrative buildings.





Veronika Nikishina,

Member of the Board — EEC
Minister in charge of Trade

Trade

Being guided by principles determined in the Treaty on the Eurasian Economic Union, activity of the Commission's trade unit is mostly meant to increase competitiveness of goods of the Member States at internal and external markets through the establishment of more favorable conditions of accessing third country markets, efficient customs tariff regulation, application of internal market protection measures in cases, for instance, of dumping practices or surge of imports causing damage to the EAEU States' economy.

For comprehensive increasing in export competitiveness of products of the Union States, the Commission, in cooperation with governments of the Member States, holds negotiations for entry into trade agreements with external partners, in particular, free trade agreements. To increase efficiency of production of goods in the EAEU States, fine tuning of the customs

tariff is applied — the customs duty rates for raw materials, equipment and component parts are reduced in order to establish the conditions required for the formation of value added chains and cutting production costs.

Special attention is currently paid to the improvement of trade regimes for prospective areas with countries whose economies show sufficiently high growth rates and quality and, hence, form receptive markets for qualitative gain in exports of the EAEU States, their diversification.

In 2013, negotiations under the free trade agreement with Vietnam were commenced. Later, in the years 2015–2016, it was decided to enter into negotiations for conclusion

of agreements on free trade areas with Egypt, Israel, India and Singapore, for unification of preferential trade regime with Serbia, for transition to preferential trade regime with Iran and signing of a trade and economic agreement with China.

The first achievement in this field was signing of the Agreement on the Free Trade Area (FTA) with Vietnam, which entered into force on October 5, 2016. Following the negotiations held on May 17, 2018 under Astana Economic Forum in the Republic of Kazakhstan, the Agreement on Trade and Economic Cooperation between the EAEU and the People's Republic of China and the Interim Agreement leading to the formation of a free trade area between the EAEU and the Islamic Republic of Iran.

To increase the efficiency of goods manufacturing in the EAEU States, fine tuning of the customs tariff is applied.

Negotiations are now being held with Singapore, 4 full-fledged rounds of negotiations have already taken place, which helped the parties to advance in discussing mutual obligations, access to the markets and horizontal trade regulations.

Moreover, the Commission, within its competence, is currently taking various steps with the common intent to create additional incentives for export development. This involves assistance in creating co-insurance and export crediting vehicles, support and promotion of cooperative goods of the Union, provision of a high-quality platform for B2B contacts development under the annual

The Commission, within its competences, is currently taking various steps with the common intent to create additional incentives for export development.

Eurasian Week including congress and exhibition universal events.

The work is in progress to develop the goods labeling system in the Union, to promote improved controls of legitimacy of specific goods turnover within the EAEU. In particular, in February 2018, the Agreement on Labeling Goods Using Means of Identification in

the Eurasian Economic Union was signed; the extension of the list of goods subject to mandatory labeling is also discussed.

The Commission also develops an efficient mechanism for monitoring and eliminating restrictive measures against the goods from the EAEU States imposed by third countries.

Development of goods labeling system within the EAEU space





Viktor Nazarenko,

Member of the Board — EEC Minister in charge of Technical Regulation

Technical regulation

64

The objectives in this area include creation of an up-to-date regulatory framework in the sphere of technical regulation, establishment of appropriate conditions to secure safety of products at the market of the EAEU States, increase in competitive ability of businesses and rise in living standards of the citizens of participating countries. Technical regulation is the basis for products safety throughout their lifecycle. Mechanisms enshrined therein enable elimination of multiple barriers in trade, thus securing free movement of goods. The tasks of technical regulation within the EAEU lie in three interrelated planes. They include statutory regulation of relations in the field of establishment, application and fulfillment of binding requirements to the products and the processes of manufacture,

installation, setup, operation, storage, transportation, sale and disposal; in the field of voluntary application of standards aimed at implementation of such requirements; in the field of assessing conformity of the products to requirements of technical regulations of the Eurasian Economic Union.

Technical regulations are developed and adopted for protection of life and health of people, animals within common customs territory, protection of property, environment, plants, to prevent actions misleading consumers as well as to secure energy efficiency and resource conservation.

Sanitary, phytosanitary and veterinary measures (SPV measures)

The main issues that the Eurasian Economic Commission deals with in the sphere of SPV measures include the development of legal acts to secure sanitary and epidemiological welfare, quarantine phytosanitary and veterinary and sanitary safety on the EAEU territory, scientific rationale for application of SPV measures, weighted estimate

Technical regulation is the basis for products safety throughout their lifecycle.

Optimal conditions are being created for the free movement of goods posing no threat to life and health of humans, animals and plants, property, and environment.

of the relevant risk, ensuring commensurability of restrictive measures and elimination of unreasonable administrative barriers in trade. These issues are resolved in the context of major tasks in this area, including securing the formation of a coordinated policy of the Member States in the field of SPV measures, sanitary and epidemiological welfare of the population, protection of common customs territory from penetration and proliferation of quarantine objects and epizootic welfare of the customs territory. These measures allow for harmonization with international standards, guides or recommendations. As a result of such policy, optimal conditions are created for the free movement of goods posing no threat to life or health of humans, animals and plants, property, and environment.

Consumer rights protection

Since 2016, another important activity has been consumer rights protection. Top-priority spheres have been determined where the legislation protecting consumer rights will be harmonized based on the Commission's recommendations — e-commerce, air transportation, tourist and financial services. The Commission's recommendation was developed and adopted in 2017 for the

Member States to determine the common approach to consumer rights protection upon consummation of remote transactions, in particular, within the digital space. Reviews of best practice cases were prepared with regard to interaction of the parties' authorities in the sphere of consumer rights protection. It shall secure consumer rights of citizens upon application of non-refundable airfares, the possibilities to use labels for food products to promote healthy nutrition principles in the Union.

Regulating circulation of medicinal products and medical devices

On May 6, 2017, a common medicinal products market was launched. Its establishment implies, first and foremost, a single unified approach to drug development and registration.

Regulation of single market of medicinal products and medical devices are underlain by the best global approaches to assessment of quality, safety and efficiency of medicinal products and medical devices: good clinical practice, which prescribes the procedure for clinical acknowledgement of efficiency and safety of the drug for humans; good manufacturing practice. This includes instructions on securing stable production of medicinal products meeting quality standards; good distribution practice — the document governing all the stages of movement of the manufactured drug. Good pharmacovigilance practice is of utmost importance as it allows for supervision over safety of drugs already in circulation in the market and timely recall of drugs the safety or efficiency whereof proved to be inadequate notwithstanding any previous multi-level control system.

The documents detailing and governing particular specific issues are still being developed as part of primary documents, for instance, the issues of acknowledging consistency of production or preservation of drug quality during storage; issues related to certain aspects of drug examination.

65

46 technical regulations have been adopted since 2011



Marat Kussainov,

Member of the Board — EEC Minister
in charge of Competition and Antitrust
Regulation

Competition and antitrust regulation

The Eurasian Economic Commission faces the tasks of supervising compliance by economic (market) entities with common principles and rules of competition.

The priority tasks of the Commission in the sphere of antitrust regulation and competitive policy include ensuring a competitive environment and pursuance of competitive policy in the territory of the Eurasian Economic Union.

The Commission, assisted by antitrust authorities of the Union Member States, detects and restrains anticompetitive actions that adversely affect the competition at cross-border markets, including abuse of dominant position, unfair competition, anticompetitive agreements, and coordination of economic activity.

The Commission considers applications of economic entities suggesting violation of common competition rules in the Union. In the years 2017–2018, 14 investigations were initiated and two cases were closed on alleged violation of common competition rules on the territory of the Eurasian Economic Union in the sphere of wholesale

of trucks and cars, wholesale of car tires, sale of craft paper used for production of cement bags, railroad reinforced-concrete sleepers, solid-rolled railway wheels, metal structures, cellular phones and interior design services.

In 2017, the Commission considered and issued a decision protecting consumer rights and freedom of competition in the EAEU in the sphere metal industry.

In 2018, the Commission proceeded with improvement of the EAEU legislation in the sphere of control over compliance with common competition rules at cross-border markets of the Union. The Commission is working to integrate into the EAEU legislation of warning and precaution tools enabling in some cases to apply them as preventive measures of antitrust reaction.

As a result of integration of warning and precaution tools into law enforcement practice of the EAEU, the preventive nature of the Commission's activities will be enhanced, promptness of antitrust response measures will be enforced, and administrative burden on businesses will be significantly decreased.

The Commission continuously analyzes the commodity markets to assess the competitive situation. In 2018, a new instrument of market analysis was introduced — risk-based approach constituting a system of market profile assessment using risk markers to describe signs of violations of common competition rules at cross-border market.

Such approach enabled to exclude any cases on distortion of competition referring to the competence of national authorities and to focus solely on violations at cross-border markets.

The most crucial area of the Commission's activity is the interaction with business community in the context of protection of competition at the EAEU cross-border markets, with the purpose of consolidation, and support of competitive environment.

One of the forms of the Commission's interaction with the business community is the Public Consultation Office of the competition and antitrust regulation unit.

During the meetings of the Public Consultation Office, officials and employees of the Commission introduce the business community

to the instruments that may be used by economic entities (market entities) to protect their rights and lawful interests within the EAEU territory. In particular, they provide an insight into the procedure for submitting applications (materials) to the EEC on threatened violations of common competition rules, powers of the Commission upon considering applications suggesting threatened violations of competition rules and other issues. In 2018, the meetings of the Public Consultation Office were held in Moscow, Minsk, Astana, and Bishkek.

Subsequently, the Commission plans to hold meetings of the Public Consultation Office in all the EAEU Member States on a regular basis.

Besides, to increase awareness of businesses of the Union countries, a set of materials was developed and posted on the Commission's website explaining in a simple form the legal fundamentals of protecting competition at common markets — the White Paper (competition at the EAEU cross-border markets); and a study guide Competition Law in the Eurasian Economic Union is now being published.

In order to identify urgent issues in the sphere of competition and to present to the businesses of the Union countries the instruments aimed at protecting their rights and lawful interests, the Commission shall also, in cooperation with antitrust authorities of the Member States, hold a number of events seeking to advocate competition.

The Member of the Board — Minister in charge of Competition and Antitrust Regulation approved an action plan to extend advocacy of competition (to increase awareness of businesses and to assist in the protection of their rights) for the years 2017–2018. A joint action plan (with the

assistance of national antitrust authorities) was developed to advocate competition in the EAEU for the years 2018–2019.

Development of economies of the EAEU Member States, increase in their investment attractiveness shall also be secured by granting uninhibited access to suppliers to public procurement, reducing exceptions from national treatment, increasing the volume of purchases made by competitive methods in electronic format.

The Protocol on the Procurement Regulation Procedure (Annex No. 25 to the Treaty on the Union) stipulates that the Member States shall ensure holding a tender and auction solely in electronic format and aspire to switch to electronic format when using other procurement methods. Volume of electronic public (municipal) purchases of the EAEU participating countries tend to increase both in the number of procurement procedures and in the value of procurement agreements (contracts).

In order to secure the development of competition in the sphere of public procurement, the EEC competition and antitrust regulation unit undertakes, as assisted by the Member States, to improve the regulations of the Treaty, in particular, to determine the mechanism of eliminating exceptions, to impose mandatory restrictions on the term of exceptions in the regulatory legal acts, recurrence of exceptions, to include associations of societies of the disabled into the list of purchases from one source, etc.

In compliance with the Procedure for Considering Applications of the Member States on Adoption of Acts on Determination by the EAEU Countries of Exceptions from National Treatment in Public (Municipal) Procurement, in 2017 and the first half of 2018 the EEC considered 19 draft acts; following

the results of this work, the relevant opinions were prepared.

Legislation of the Republic of Armenia and the Kyrgyz Republic governing public (municipal) procurement were monitored for compliance with requirements of Section XXII of the Treaty.

Another important factor for increase in the competition policy efficiency is interaction with international organizations, integration associations and foreign competition institutions.

Thus, the EEC takes an active part in the most important international conferences in the sphere of competition — International Competition Network, Intergovernmental Group of Experts on Competition Law and Policy of the United Nations Conference on Trade and Development (UNCTAD), BRICS, etc. Such participation enables to timely track global and cutting-edge trends in the development of competition law and law enforcement of third countries, provides an opportunity to elaborate joint decisions for multinational companies as well as new approaches to increase the Commission's performance.

Close cooperation with the CIS industry cooperation body — the Interstate Council for Antitrust Policy — is secured. Issues of elaborating a coordinated position in the sphere of competition policy, consolidation of efforts for efficient protection from cartels, for review of approaches to antitrust regulation and law enforcement due to development of digital economy and other issues are discussed at the meetings of the council.

The EEC employees also regularly take courses and visit workshops to upgrade skills and to exchange experience, in particular, in the Regional OECD Center in Budapest and the Training Center of the Federal Antimonopoly Service of Russia in Kazan.

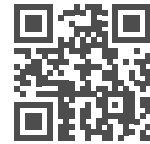
EEC Interaction with the EAEU Countries' Business Community

Formats of the EEC interaction with the EAEU business community

report on barriers
at an internal EAEU market —
<https://barriers.eaeunion.org/en-us/>



**take part in the public
discussion**
of draft documents —
<https://docs.eaeunion.org/en-us>



**take part in Regulatory
Impact Assessment (RIA)**
for draft decisions of the
Commission —
[https://docs.eaeunion.org/en-us/pages/
regulation.aspx](https://docs.eaeunion.org/en-us/pages/regulation.aspx)



take part in discussing
trade policy and other issues
constituting Business Dialogue —
<http://www.eaeunion.org/forum/>



take part in discussing
regulatory legal acts of the EEC
at the platforms of advisory
committees, working and
expert groups

propose goods
for labeling —
[https://portal.eaeunion.org/sites/odata/
markedgoods/Pages/default.aspx](https://portal.eaeunion.org/sites/odata/markedgoods/Pages/default.aspx)



take part in developing
cooperation on the basis of
industrial Eurasian technological
platforms —
[http://www.eurasiancommission.org/
ru/nae/Documents/
Брошюра%20ДПП.pdf](http://www.eurasiancommission.org/ru/nae/Documents/Брошюра%20ДПП.pdf)



propose
a digital initiative —
<http://digital.eaeunion.org>



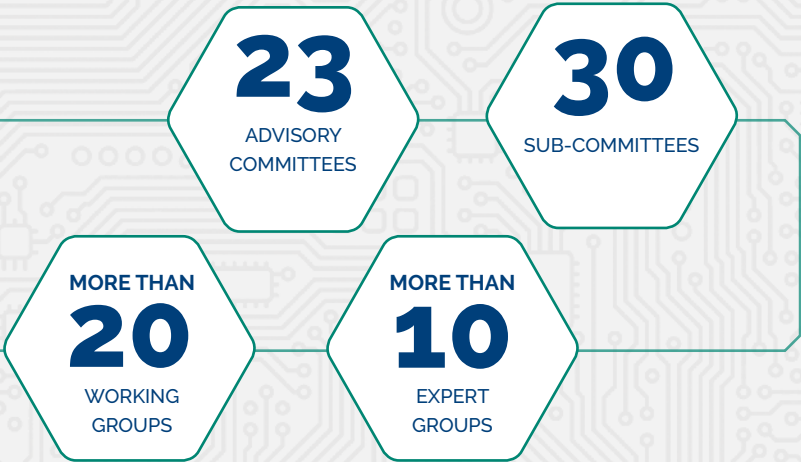
attend the meeting of
the Public Consultation Office
for explanation of antitrust
legislation of the EAEU — meeting
announcements —
[http://www.eurasiancommission.org/
en/nae/events/Pages/default.aspx](http://www.eurasiancommission.org/en/nae/events/Pages/default.aspx)



**BUSINESSES
MAY**

Platforms of the EEC interaction with the EAEU business community

They include representatives of the business community of the Member States acting as independent experts. Using these formats, they interact with the leading specialists of the authorities and the EEC for systemic and strategic economic issues of the Union as well as prepare proposals to improve the EAEU law allowing for market demands.



Advisory Committee for Interaction of the EEC and the EAEU Business Council

The format of a continuous dialogue between the Commission and the EAEU Business Council ensures interaction and dialogue of the EEC and the EAEU Business Council. It comprises the representatives of business communities, industrial associations, and public organizations of the Union countries. The Council is the successor of Advisory Committee for Interaction of the Eurasian Economic Commission and Belarus-Russia-Kazakhstan Business Dialogue which was established in 2013.

The EAEU Business Council is a permanent coordination and advisory body of business circles of the Union States. The Council comprises 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.

Advisory Committee for Business Affairs

To improve the business climate in the Union States and for systemic elimination of excessive pressure on businesses, the Advisory Committee for Business Affairs was established under the Commission's Board. More than half of its members include representatives of business community. The task of the committee is contributing to improvement of business and investment climate, eliminating excessive administrative pressure and unreasonable expenses of economic entities and market entities, creating favorable conditions for the development of cross-border trade within the EAEU.

Regulatory Impact Assessment (RIA)

Regulatory Impact Assessment is a mandatory stage of elaborating draft decisions of the Commission, which may influence the business environment.

From April 1, 2015 till August 31, 2018, as part of public discussion of 257 draft EEC decisions, 6,231 objections and proposals were received, which on average makes 24 comments per draft document. At the same time, share of objections and proposals consideration filed by business community of the Union countries as feedback to the EEC draft decisions is at a rather high level and on average makes 62.72%, which suggests regulatory flexibility of the EEC departments and appreciation of requirements of business circles.

Since establishment of this procedure, 223 RIA reports were prepared containing 911 objections and proposals.

The share of considered objections and proposals in RIA reports, in adopted revisions of the EEC decisions in 2015–2017 equaled 73.6%, which confirms efficient impact of RIA results on the quality of supranational regulation within the EAEU. Meanwhile, following the results of RIA not only separate provisions of draft EEC decisions are amended, but also the conceptual approaches to introduction of supranational regulation within the EAEU are changed considering its impact on businesses of the Union States.

Internal Markets Functioning Portal

Internal Markets Functioning Portal is a system of information interaction with stakeholders, in particular, entrepreneurs, for detection and elimination of obstacles within the Union. It enables to report the obstacles directly to the Commission and to monitor the work progress on the application.

Creation of an information portal enabled to engage more citizens in work for securing the Union's functioning without barriers, exceptions and restrictions and to ensure implementation of a major direction of this work — monitoring and identifying obstacles.

Advocacy of business activity

In the context of advocacy of business, for the purposes of eliminating excessive administrative barriers for businesses in the Union countries the Commission holds an expert examination of efficiency of the developed draft deeds of the EEC affecting the interests of business entities.

From October 2012 to the first half of 2018 inclusive, an analysis of more than 2.5 thousand draft acts of the Commission was held. Proposals were enunciated for every ninth act to eliminate administrative obstacles for business activity and unreasonable expenses of representatives of business community creating barriers for the free movement of goods, services, capital and labor in the Union States.

EEC decisions concerning business activity are considered with involvement of business circles.

Business Dialogue on trade policy issues

Business Dialogue is a quarterly event organized by the trade unit of the Eurasian Economic Commission inviting the departments of other units to exchange information and to hold open discussions on the most pressing issues of foreign trade and internal policies within the Eurasian space. The agenda of the Business Dialogue is prepared on the basis of proposals of both the Commission's departments and with the direct involvement of business associations and unions of the EAEU — main participants of the event.

The composition of the Business Dialogue is formed by officials and employees of field-oriented departments of the Commission, responsible coordinators of business associations of the Union's participating countries for the main directions of activity of the Commission's trade unit, representatives of the business community and third countries (associations, unions, industrial associations etc.) as well as large companies of the Union Member States.

Project office for managing digital initiatives

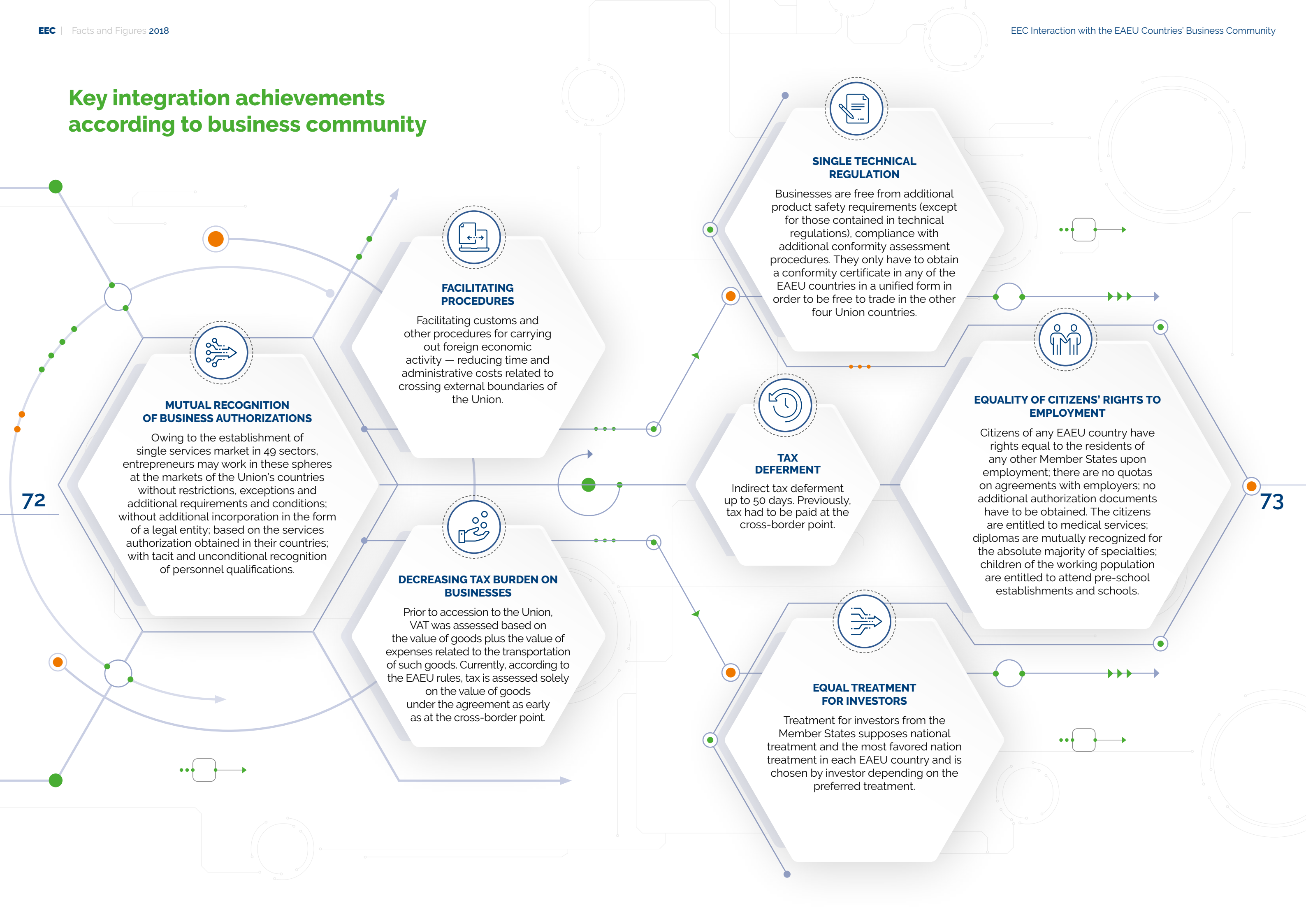
The Project Office, which comprises the representatives of all participating countries, exercises coordination, monitoring and control of activities related to elaboration of initiatives, which the parties or businesses propose as part of the EAEU Digital Agenda. The Office is headed by the Chairman of the EEC Board.

The Office offers expert platforms, where initiatives are analyzed, statements of work for upcoming investigations are formed and the sources of funding such investigations are determined.

Public Consultation Office of competition and antitrust regulation unit of the EEC

was established to increase awareness of the business community representatives of the Union Member States about the EAEU legislation, methods to protect their rights and interests. The meeting consists of two parts — the first one is meant to give explanations, answers to the questions. The second part of the meeting takes the form of individual talks.

Key integration achievements according to business community



EEC Interaction with the EAEU Countries' Expert Community

The Eurasian Economic Commission works on developing cooperation with expert, scientific and educational community of the EAEU States. Integration processes within the Eurasian space are dynamic and versatile and cannot be achieved without highly qualified multidisciplinary experts.



December 2017. At the opening of the Third International Business Game EAEU Model at the Higher School of Economics

Interaction formats and directions



Joining the Commission's expert pool

To join the Commission's expert pool, you should send your CV specifying full name, title, place of work, academic degree and area of competence as well as examples of publications to the e-mail address of the analytical support unit of the EEC Organizational Support and Protocol Department expert@eeccommission.org.

Experts, under the Commission's decision, may be invited to take part in events, including high-level events and to participate in sessions at international forums. Travel expenses are funded by the sending party.



Participation in work of the Scientific and Expert Council under the Chairman of the Commission's Board

The Scientific and Expert Council is a discussion platform for regular negotiation of trends and challenges of global economy development, efficient models and forms of integration, best practices of regional associations in part of supranational regulation, mid- and long-term prospects and restrictions of the EAEU economic development relevant for the EAEU.

Experts that joined the expert pool of the Commission are invited to take part in the meetings of the Scientific and Expert Council. The list of participants of each session is determined by the Commission on a case-by-case basis.



Participation in research and development work

Announcements on holding competitions for research and development works are posted on the official website of the Commission in the Bidding section.



Information exchange with the Commission

For a regular mutually beneficial interaction (receipt of materials from the Commission for review and informing the EEC) you should send an application in an official letter to the e-mail addresses of the EEC Organizational Support and Protocol Department expert@eeccommission.org and press@eeccommission.org with specification of subjects and formats of information exchange which may be proposed by you/your company.

The submission of such materials by the Commission is possible through: event digest of the Commission; individual analytical and information materials (at the Commission's discretion); RSS subscriptions for newsletters of field-specific sections of the Commission's official website containing the necessary materials.



June 2017. Panel session European and Eurasian Integration: Intersection Issues under Saint Petersburg Economic Forum

International Cooperation

Regional economic cooperation is a key trend in the global economy development, the future whereof is largely dependent on the efficiency of global dialogue of integration formations and on their intrinsic stability. Therefore, seeking to take the most favorable in the new structure of global economic system that is now forming, the Eurasian Economic Union Member States are developing their economic integration project.


The Treaty on the Eurasian Economic Union dated May 29, 2014 officially registered the EAEU as a fully legitimate party to global economic relations and became a solid foundation for building up international communications between the Union and other parties to international relations — third countries, integration associations and international organizations. The Eurasian Economic Union, as an international organization of regional economic integration, exercises international legal

personality and shall be entitled to enter into international treaties with other parties to international relations and to assume obligations according to its status of international organization.

The Treaty on the Eurasian Economic Union in accordance with Article 102 of the Charter of the United Nations was registered with the United Nations Secretariat on July 24, 2015. The registration of the Treaty ensures publicity and transparency of arrangements


of its participants at the highest international level. The Treaty on the EAEU once again confirmed commitment of its participants to the objectives and principles of the Charter of the United Nations as well as other generally accepted principles and regulations of international law. The Eurasian integration project not only acquired legal independence and internationally recognized influence but also became an active and appreciated actor of international relations.


 The Agreement on Trade and Economic Cooperation was concluded

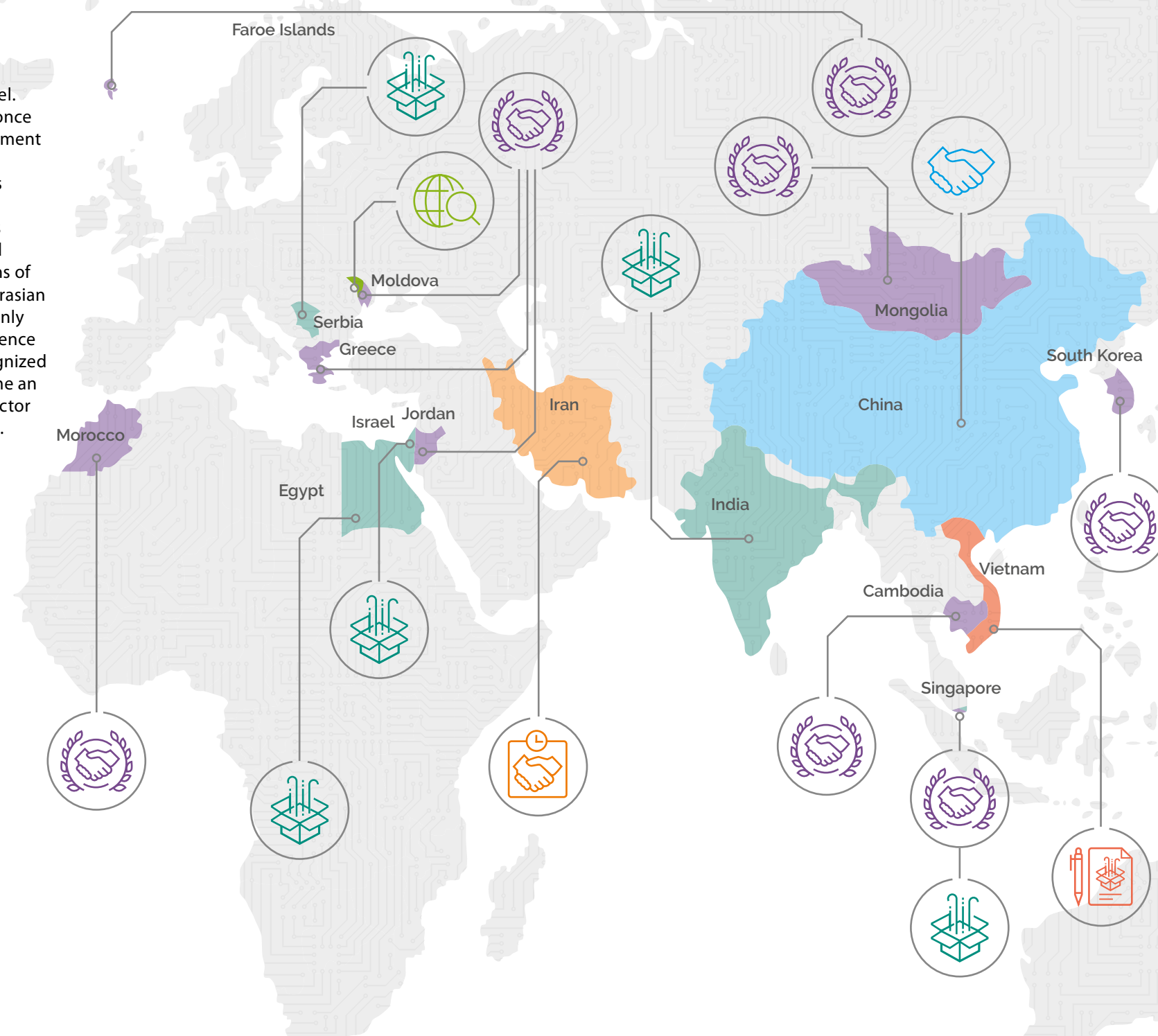
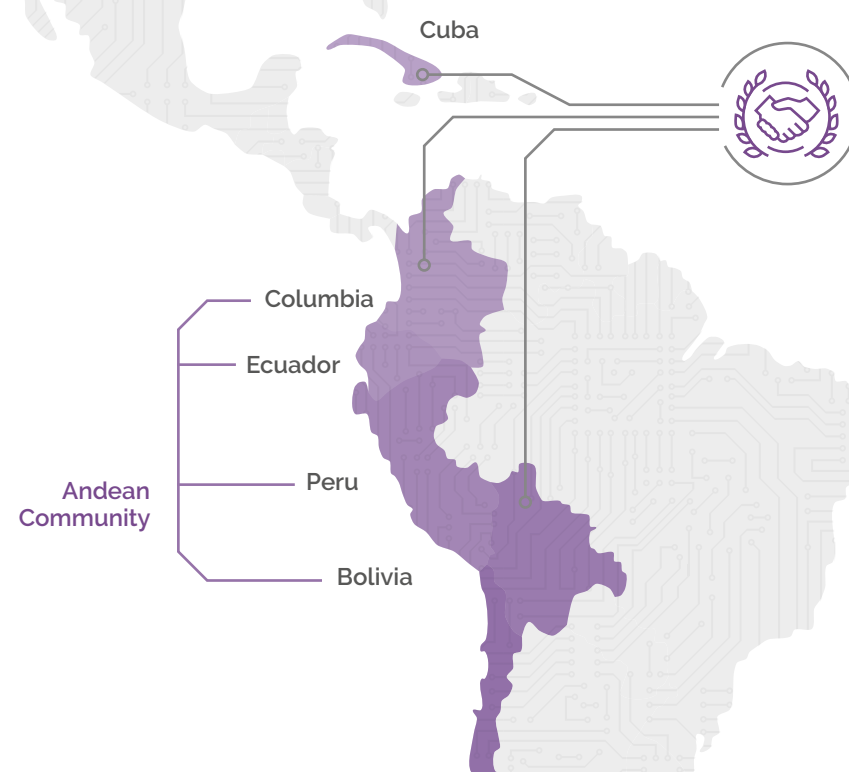
 The Memorandum of Cooperation was concluded

 The Agreement on the Free Trade Area is planned

 The Agreement on the Free Trade Area was signed

 The status of the EAEU observer was granted

 The Interim Agreement leading to formation of a free trade area



Geographical directions of international cooperation

CIS

One of the first steps of international cooperation of the Commission was to establish contacts with the Permanent Committee of the Union State of Belarus and Russia and the Executive Committee of the CIS. In late 2017, the Commission commenced preparation of the new memorandum with the Executive Committee of the CIS, which would enable enhancement and development of the provisions of the document signed in 2012.

The Commission takes an active part in actualization and improvement of rules determining the goods origin for the purposes of free trade under the Agreement on Free Trade of 2011. It also secures representation of the EAEU in economy-related events in the CIS Member States, holds EAEU presentations for representatives of official and business circles and expert community.



Moldova

In April 2017, the Memorandum of Cooperation was concluded with the Republic of Moldova. The Presidents of the EAEU countries welcomed the application of Moldova for the status of the Union's Observer State. In May 2018, Moldova was assigned the status of the EAEU Observer State. Representatives of the state with such status may attend, upon an invitation, the meetings of the EAEU governing bodies without the right to participate in decision-making and obtain the non-confidential documents adopted by the Union's bodies.

Three meetings of joint working group for interaction between the Commission and the Republic of Moldova established to implement the memorandum were held. Thanks to such format, Moldavian businesses had an option of direct dialogue with the Commission's representatives on the issues of mutual access of goods. They also received reliable information on the EAEU and prospects opened upon operation in a single Eurasian market.

Asia-Pacific Region

The ASEAN

The Commission works to establish relations with the ASEAN. In 2014, the meeting of the Chairman of the EEC Board with the Secretary General of ASEAN Le Luong Minh took place in Moscow. In the same year, the EEC Minister for Trade participated in the discussion of economic agenda of the Russia-ASEAN dialogue for the first time. In 2015, the EEC took part in a business forum with the ASEAN, following the results whereof a valid interest of regional entrepreneurs to the EAEU market was recorded.

In 2016, a new stage of interaction with the ASEAN commenced. On May 19, 2016, the Chairman of the EEC Board at the plenary session of Russia-ASEAN Business Forum in Sochi declared the necessity of developing cooperation between the Commission and the ASEAN. In his opinion, an effective format of interaction could include exchange of information on issues of interest for businesses in the spheres of trade, technical regulation, customs regulation and reduction of barriers.

The Secretary General of the ASEAN Le Luong Minh also supported the idea of subsequent consolidation between entrepreneurial communities of the countries participating in the two associations.

The issue of institutionalizing the Commission's cooperation with the ASEAN is being elaborated; the final stage implies approval of the relevant Draft Memorandum of Understanding.

In May 2018, within Saint Petersburg International Economic Forum, a business lunch of the EAEU-ASEAN took place attended by representatives of official circles and leading business associations of the ASEAN and the Union States.



Vietnam

In May 2015, the EAEU entered into the first full-fledged Agreement on Free Trade with the state of Asia-Pacific Region — the Socialist

Volumes of trade of the EAEU countries with the Socialist Republic of Vietnam



Republic of Vietnam. Negotiations started in 2013. The delegation of the EAEU headed by the EEC Minister for Trade held eight rounds of negotiations and on May 29, 2015, the agreement was signed at the level of chairmen of governments of the EAEU States and Vietnam as well as by the Chairman of the EEC Board. After completion of the necessary procedures, the Agreement on Free Trade with Vietnam entered into force on October 5, 2016.

The Agreement on Free Trade between the EAEU and Vietnam comprises all directions of trade and economic cooperation. Besides reduction of import customs duty rates, it enshrines parties' obligations in the sphere of SPV measures, technical regulation, the protection of rights to intellectual property, establishes unified principles for protecting competition, and determines the directions of cooperation in the field of sustainable development, e-commerce as well as the sphere of public procurement. The agreement increases predictability of trade regulation to a great extent and creates conditions to increase and to diversify goods turnover within a free trade area. The document also stipulates for insurance mechanisms against unfair competition and uncontrollable import growth.

The document also includes obligations related to mutual liberalization of trade in services, making investments and movement of individuals. Initially, they apply solely to mutual relations between Russia and Vietnam. However, the other countries of the Union also have an opportunity to subsequently join the same.

Immediately after the agreement entered into force, Vietnam cancelled ("reduced to zero") import customs duties for

suppliers from the Eurasian Economic Union countries for more than 58% tariff lines of the common commodity nomenclature. The import customs duty rates for the remaining 30% of the commodity nomenclature are to be reduced to 0% within the transition period. Currently, preferential trade treatment enabled to considerably boost supplies to Vietnam of such EAEU's goods as wheat, corn, fowl, certain types of trucks, medicinal products, etc. Decrease in customs duties by the Vietnamese party facilitated increase in competitiveness of these products.

Vietnam is an attractive market with the population of about 90 mln people. It takes an active part in the development of production and supply chains in the Asia-Pacific Region. Deepening trade and economic relations with Vietnam enables manufacturers and suppliers of the Union's countries to get access to the already established production and supply chains in the APR.

Receipt of duty-free access to Vietnamese market also creates prerequisites for export growth of those goods, which were not previously supplied because of higher price, inter alia related to rather high customs duty.

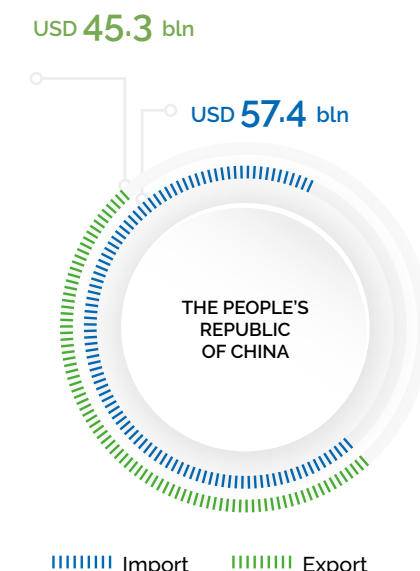
The Protocol was signed between central customs bodies of the Union States and Vietnam on electronic exchange of customs information. On October 5, 2018, experimental exchange for certain commodity groups starts based on the Union's Integrated Information System.



The PRC

At present the People's Republic of China is the key foreign trade partner of the Union States in the Asia-Pacific Region. The share of China in goods turnover of

Volumes of trade of the EAEU countries with the People's Republic of China



the EAEU increased from 15.4% in 2016 up to 16.2% in 2017.

During 2017, the goods turnover between the Union and China increased by 30.7% up to USD 102.7 bln. The increase, for the most part, was attributed to growth in the EAEU export volumes by 37.7%, the import, in turn, increased by 25.6%.

In 2012, two Memoranda of Cooperation with the Chinese Ministry of Commerce were signed: on the issues of trade and cooperation in the field of application of anti-dumping, countervailing and special safeguard measures. During 2013–2014, owing to regular expert consultations, the parties managed to promptly resolve a number of controversial issues in mutual trade at the initial stage. At the same time, interests of both the manufacturers of the Union's countries and Chinese exporters were considered.

In May 2015, the Presidents of the Eurasian Economic Union States adopted a decision on the initiation of negotiations with China for concluding the Agreement on Trade and Economic Cooperation.

The official negotiations commenced in the first half of 2016.

A new impulse to deepening interaction between the EAEU and the PRC was given by the visit of the Chairman of the Eurasian Economic Commission's Board, Tigran Sargsyan to China, in August 2016, where he met the First Vice Prime Minister of the PRC State Council Zhang Gaoli. Upon Zhang Gaoli's proposal, the parties have, inter alia, agreed to work over the creation of a data bank under the projects of common interest for China and the Union Member States.

On May 17, 2018, in Astana, the Chairman of the Eurasian Economic Commission's Board, Vice Prime Ministers of the EAEU Member States and the representative of the People's Republic of China, in the course of international negotiations, signed the Agreement on Trade and Economic Cooperation between the EAEU and the PRC. It is a milestone regulating the entire structure of relations and creating the base for subsequent progress in the field of facilitating trade and eliminating non-tariff barriers that restrict mutual access to the markets.

The agreement is a basic document determining fundamental principles and rules of trade in goods between the Union, as a single entity, and China. Moreover, totally new formats of cooperation were created under the agreement according to the so-called branch-wise agenda stipulating for interaction within specific economy branches enabling to implement joint investment projects, for instance, in the sphere of transport, energy, agriculture etc. It should be noted that the agreement is not preferential — trade duties remain unchanged.

The document comprised the packages of arrangements

including Cooperation Institutions, Transparency of Law and Law Enforcement, Trade Remedies, Customs Cooperation and Facilitating Trade Procedures, Competition, Public Procurement, Electronic Trade, Intellectual Property, Technical Barriers to Trade, Sanitary and Phytosanitary Measures and Branch-Wise Cooperation.

Signing of the agreement became the first serious and cornerstone step within the concept implemented by the Union for integration with the Chinese One Belt and One Road Initiative. It will set the appropriate direction for subsequent cooperation and development.

The Commission also works to arrange for information exchange with the People's Republic of China, which commenced in 2012.

Currently, the negotiations for conclusion of the Agreement on the Exchange of Information about Goods and Vehicles for International Transportation Moved Across the Customs Borders of the Union and the PRC is continuing. Implementation of the document will enable more efficient monitoring of commodity flows crossing the EAEU customs borders, improved conditions for control over imports of Chinese goods as well as their transit across the common customs territory of the Union. Information interaction will promote fair practices in trade, exert salutary influence over the general economic status of the Member States. In particular, regular exchange of data about the goods moved from the PRC to the EAEU and vice versa will increase the degree of trust between the countries being parties to the agreement. It will also decrease the supplies of counterfeit products as well as accelerate customs operations and customs control.

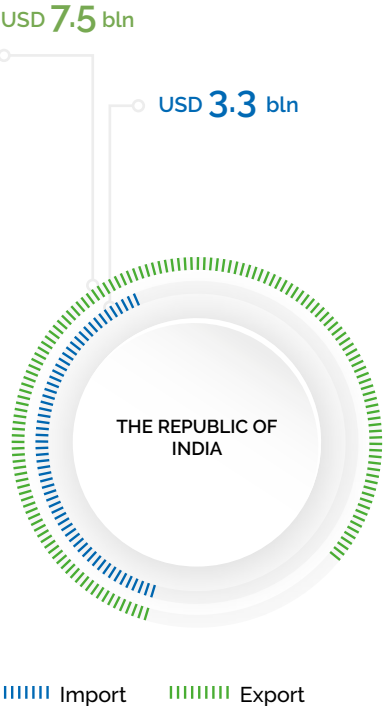


India

In the years 2015–2016, the joint research group worked to get an insight into the expediency of concluding the Agreement on the Free Trade Area of the EAEU with the Republic of India. The results demonstrated prospective benefits of transition to a free trade regime — both import and export transactions are expected to increase by 18%. Based on the work results, a decision was adopted at the meeting of the Supreme Eurasian Economic Council in December 2016 on the commencement of negotiations for the conclusion of the Agreement on the Free Trade Area with India.

In June 2017, under Saint Petersburg International Economic Forum with Indian partners, a joint declaration on the commencement of negotiations was signed at ministerial level, the Chairman of the EEC Board Tigran Sargsyan with the Prime Minister of

Volumes of trade of the EAEU countries with the Republic of India



India Narendra Modi also held a meeting within the Forum. The parties discussed the consolidation and development of economic relations.



Mongolia

In June 2015, the Memorandum of Cooperation was signed between the EEC and the Mongolian Government to promote development of comprehensive cooperation between the EAEU States and Mongolia, to implement measures eliminating barriers inhibiting development of mutual trade.

To implement the memorandum, three meetings of the working group were held. The interaction on the issues of trade regulation is deepening.

On October 4, 2017, the Business Forum Mongolia and the EAEU 2017 was held in Ulaanbaatar. Branch-wise cooperation of the country with the EAEU has also been intensified for the issues of technical regulation, SPV measures and transport infrastructure.



The Republic of Korea

In October 2015, the Memorandum of Cooperation was signed between the Commission and the Public Procurement Service of the Republic of Korea. The document stipulates for exchange of experience in the sphere of public procurement regulation in general and improvement of the public e-procurement system, in particular.

Moreover, on November 30, 2015, the Memorandum of Cooperation was signed between the Eurasian Economic Commission and the Ministry of Industry, Trade and Energy of the Republic of Korea for a wide range of trade interaction issues.

In September 2016, a joint group consisting of the representatives of scientific communities of the EAEU countries and the Republic of Korea completed its work. It was done to determine the optimal format of developing trade and economic cooperation between the partners. The results were included in the report of the group on determining expediency of conclusion of the Agreement on the Free Trade Area. It was drawn up simultaneously with the appropriate consultations at the official level. In 2017, the report was submitted to the Commission's Council.



Cambodia

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

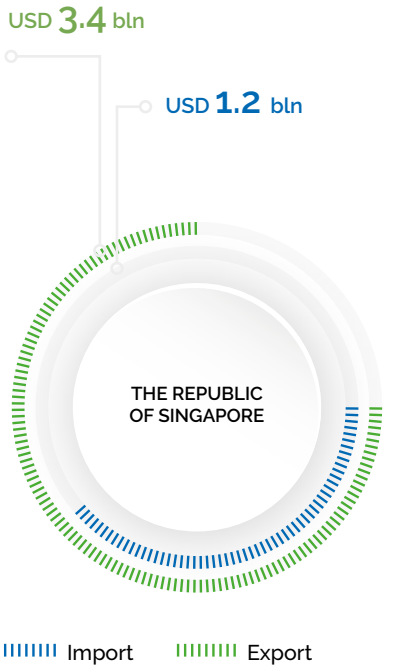
The meetings of the working group take place once a year in the context of its implementation. A business forum was held in December 2017 attended by the representatives of business circles from the Union States and Cambodia. In May 2018, a regular meeting of the working group was held, where special attention was paid to particular aspects of business activity within the EAEU, functioning of single services market as well as investment opportunities of Cambodia.



Singapore

In 2015, the dialogue between the Commission and the Government of the Republic of Singapore was initiated, with the format of the Memorandum of Understanding chosen as its first stage. The document was signed in the

Volumes of trade of the EAEU States with the Republic of Singapore



course of the meeting of the Chairman of the EEC Board, Tigran Sargsyan with the Prime Minister of the Republic of Singapore, Lee Hsien Loong.

Based on the decision of the Supreme Eurasian Economic Council adopted in December 2016, negotiations for the development of the Agreement on the Free Trade Area between the EAEU and Singapore were initiated in 2017.

Negotiations cover the issues of the transition to both the regime of free trade in goods and preferential terms of cooperation between the EAEU States and Singapore in the sphere of services and investments.

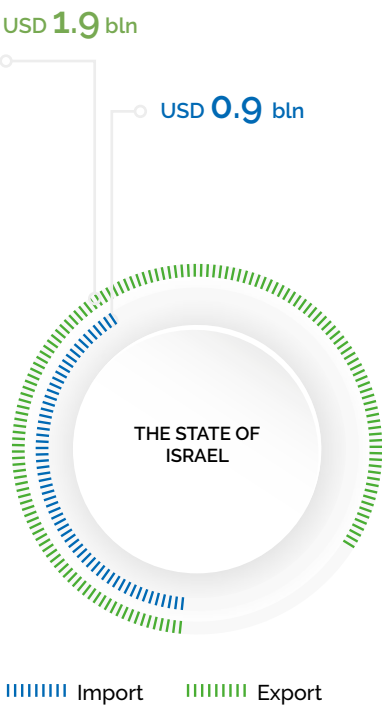
Middle East



Israel

The State of Israel is one of the strategic trade and economic partners of the EAEU States in the Middle East.

Volumes of trade of the EAEU States with the State of Israel



On April 23–24, 2018, the parties held the first round of negotiations to boost the conclusion of the Agreement on the Free Trade Area. The document on the approaches to negotiations for the conclusion of the agreement was signed within its framework. The document determines the spheres of interaction and contains a number of important arrangements for further work and negotiation format.



Iran

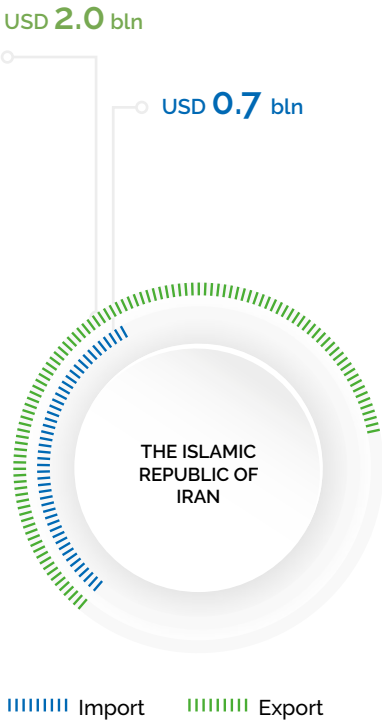
The Interim Agreement leading to formation of a free trade area was signed with the Islamic Republic of Iran, whereby import duties will be reduced or abolished for a restricted group of “early harvest” goods that are of high export interest for both parties.

The Interim Agreement with Iran is the first step towards forming large-format free trade area. it will ensure privileged conditions

for export to Iranian market for a number of key agricultural and industrial branches of the EAEU countries, not only due to reduction of customs duties but also by applying legal guarantees assumed by Iran. First and foremost, these are obligations by Iran to create the goods from the EAEU States of basic conditions stipulated by the World Trade Organization (WTO), in which Iran does not hold membership.

Positive economic effects from preferential trade regime may become obvious in the near future, as positive dynamics of trade relations development between the countries enables constant increase in commodity flows. Thus, only in the first half of 2018, goods turnover of the EAEU with Iran increased by 24% as compared to the similar period of the previous year having reached USD 1.4 bln. At the same time, both export supplies of the EAEU to Iran (increase by 21.2%)

Volumes of trade of the EAEU countries with the Islamic Republic of Iran



and supplies of Iranian goods to the Union’s market (increase by 29.8%) were growing at a fast pace.



Jordan

On September 20, 2017, the Memorandum of Cooperation was signed with the Government of the Hashemite Kingdom of Jordan, in the context of its implementation the first session of the working group is planned and the meeting on business affairs.

North Africa



Morocco

In September 2017, the Memorandum of Cooperation was signed between the Eurasian Economic Commission and the government of the Kingdom of Morocco. The memorandum is focused on formalizing the relations of the EAEU States and Morocco and promotes expansion and diversification of trade connections, investment, technological and innovative interaction.



Egypt

In 2016, the decision was adopted at the meeting of the Supreme Eurasian Economic Council to commence negotiations with the Arab Republic of Egypt on conclusion of the Agreement on the Free Trade Area.

In December 2017, technical consultations with the representatives of the Egyptian party were held to determine the terms and subsequent work format. The first round of negotiations is scheduled for the second half of 2018.

Volumes of trade of the EAEU countries with the Arab Republic of Egypt



Europe

EU

One of the priorities of the Eurasian Economic Commission is building interaction between the Eurasian Economic Union and the European Union. Relevance of this dialogue is stipulated by the fact that the EU is the largest trade and economic partner of the EAEU. Following the results of 2017, the EU’s share of foreign trade turnover of the EAEU is 46.23%. As of Q1, 2018 — 49.24%.

The work in a bilateral format is ongoing with the European States showing interest to cooperation with the Union: the Slovak Republic, the Czech Republic, the Italian Republic, etc.

The Commission is actively cooperating with the European business circles, powerful European centers and the expert community. In 2017, cooperation between the EEC and the European Commission was started at a technical level.

The commencement of the dialogue was announced by the representative office of the European Commission at the meeting of the Permanent Committee of the OSCE in October 2017 in Vienna.



Greece

On June 24, 2017, the Joint Declaration on Cooperation of the Eurasian Economic Commission and the Government of the Hellenic Republic was signed. This is the first document institutionalizing cooperation of the EEC with the government of the EU Member State. The Declaration stipulates for interaction under an extensive economic agenda taking into consideration the EEC competence and obligations of Greece arising out of the European Union legislation.

On September 11, 2017, the Business Forum EAEU–Greece — New Bridge for Cooperation and Development took place in Thessaloniki with the active participation of business circles of the EAEU countries and Greece.



Serbia

Based on the Decision of the Supreme Eurasian Economic Council, negotiations were initiated for unification of trade regime with the Republic of Serbia.

Belarus, Kazakhstan and Russia have already entered into bilateral free trade area agreements with Serbia. However, no such agreements exist with Armenia and Kyrgyzstan.

In September and December 2016, consultations were held with Serbian partners for preparation to the proposed negotiations. In December 2017, the first round of negotiations was held; the next round is scheduled for 2018.



The Faroe Islands

In August 2018, the Memorandum of Understanding was signed between the Eurasian Economic Commission and the government of the Faroe Islands. The document is a result of continuous negotiations of the Commission with the Faroe party and reflects the disposition of the partners towards deepening of the full-fledged cooperation. A joint working group will be created under the memorandum, which will enable further promoting joint contacts.

Latin America

Government and business circles of Latin American countries show vivid interest in the processes of Eurasian Economic Integration and opportunities opened for business to enter the single EAEU market. A demand for deeper and systemic interaction with the Commission is recognized.



Chile

The Republic of Chile had shown its interest in Eurasian integration even before the EAEU was launched. In June 2015, the Memorandum of Understanding was signed with this country. Cooperation with Chilean partners has been actively developing since then. In December 2018, the 4th meeting of the joint working group will take place. In the context of the meetings, a workshop for the exchange of experience for concluding the FTA agreements took place in Moscow, whereas the workshop for SPV and technical regulation of the Union was held in Santiago for business circles of the Chilean partners.



Peru

The memorandum with the Republic of Peru was signed in October 2015. In autumn 2018, the second meeting of the joint working group is scheduled.

The EEC is actively cooperating with the Peruvian embassy in Moscow, assists in the development of business activity of Peru not only with the Russian business community but also with business circles of the other Union States.



Cuba

Expanding geography of international interaction, in late May 2018, the EEC signed the Memorandum of Understanding with the government of the Republic of Cuba.

Interest in developing trade and economic relations with the

Union States and building direct contacts with the Commission is also expressed by the United Mexican States, the Argentine Republic, the Federative Republic of Brazil.



Andean Community

Cooperation with regional associations of Latin America is developing. In March 2017, the Memorandum of Understanding was signed between the EEC and the General Secretariat of the Andean Community. Memoranda with 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 elaborated.



Ecuador

In November 2017, the Memorandum of Understanding was signed between the EEC and the Ministry of Foreign Trade of the Republic of Ecuador for trade and economic cooperation. In July 2018, the first meeting of the joint committee was held, where the parties discussed the extensive agenda for mutually beneficial trade development.

Thus, the Common Customs Tariff of the Customs Union (CCT CU) was brought into compliance with tariff obligations of Russia.

Taking into consideration substantially similar obligations of Kazakhstan and Russia in the WTO (except for tariff concessions), no amendments needed to be introduced to the Treaty on the EAEU after the Republic of Kazakhstan had acceded to the organization. As far as tariff obligations are concerned, as the Kazakhstani obligations are lower to those stipulated by the Russian Federation, a joint decision of the EAEU States was adopted not to integrate the Kazakhstani obligations into the Common Customs Tariff and to provide for exceptions from it for Kazakhstani side.

To secure application by Kazakhstan of exceptions from the CCT within the EAEU, the Heads of Member States concluded the Protocol on Certain Issues of Import and Circulation of Goods on the Customs Territory of the Eurasian Economic Union in October 2015. The Protocol stipulates for the possibility for Kazakhstani participants of foreign economic activities to import the goods with the tariff obligations of Kazakhstan therefore being below the CCT for both the WTO and the CCT rates.

At the same time, a condition has been stipulated that the goods imported at WTO rates shall be used solely for consumption in the Republic of Kazakhstan and may not freely circulate on the territory of the entire Union. Exceptions from the CCT enabled Kazakhstan to fully perform its obligations in the World Trade Organization until they are reviewed as a result of negotiations in the WTO. Meanwhile, exceptions from the CCT preserved a higher level of tariff shelter of the Union in its entirety.

In 2015, the Union was joined by the Republic of Armenia and

the Kyrgyz Republic having a more extended history of WTO membership. Taking into consideration earlier accession of Armenia and Kyrgyzstan to the WTO as compared to Russia or Kazakhstan, their obligations did not fall beyond the scope of basic regime obligations stipulated by the WTO agreements and already recorded in the regulatory framework of the Union.

Meanwhile, after accession to the Union, Armenian and Kyrgyz parties started to apply the Common Customs Tariff, which is allowed by the WTO (Article XXIV of the GATT) in case of accession of a member of the organization to the Customs Union. For the purposes of securing compliance by Armenia and Kyrgyzstan with their obligations under the WTO, procedures for review of tariff obligations of the two countries in the WTO were initiated in accordance with Articles XXIV and XXVIII of the GATT.

Decisions on the creation of single negotiation delegations for reviewing tariff obligations were adopted with participation in each of them of the representatives of all the Member States and the Commission.

Currently, the EEC secures compliance of measures taken in the sphere of foreign trade regulation: anti-dumping, countervailing and special safeguard measures, sanitary and phytosanitary requirements, technical regulations and other measures with the WTO rules and regulations.

Issues discussed in the WTO and related to the sphere of Union's regulation are considered at the Commission's platform. Thus, analysis of the WTO Agreement for Facilitating Trade Procedures approved by the members of the organization by the end of 2013 and introduced on February 22, 2017, was conducted in the EEC.

Its provisions were considered upon improving customs regulation in the Eurasian Economic Union.

The work is carried out within the Union for optimizing internal interaction of the Member States and the Commission for certain WTO issues. The Procedure for Interaction between the EAEU States and the Eurasian Economic Commission on the issues of international trade disputes with third countries was adopted.

Since 2017, the Commission as agreed with the parties has been preparing draft notifications on the measures of tariff regulation at the EAEU level in compliance with the Guide on Interaction between Authorized Authorities of the Eurasian Economic Union States and the Eurasian Economic Commission on the issues of preparing draft notifications to be submitted to the World Trade Organization.

This work secures prompt information exchange between the authorized authorities of the Member States and the Commission as well as uniformity of notifications submission to the WTO by the EAEU States being the WTO members.

Supporting the EAEU's exports

Supporting exports is the main direction in the development of the EAEU countries' economies. In 2017, the Working group on the issues of financial support of exports prepared its proposals for supporting exports by export credit agencies of the Union States. Those were considered at the meeting of the Commission's Board and Council.

In August 2017, the Memorandum of Cooperation was signed in Astana between export credit agencies of the Eurasian Economic Union countries at the venue of the International Exhibition Forum Eurasian Week.

Cooperation with international organizations

In the issues of international activity of the Eurasian Economic Union, the EEC also actively interacts with international organizations and institutions.

Organizations engaged in the dialogue with the Commission include: the World Trade Organization (WTO), the Shanghai Cooperation Organization (SCO), the Organization for Economic Cooperation and Development (OECD), the World Customs Organization (WCO), Eurostat, European and Mediterranean Organization for Plant Quarantine and Protection, International Organization for Migration (IOM), the International Aviation Committee (IAC), the International Road Transport Union (IRU), Organization for Co-operation between Railways (OSJD), the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA), the Secretariat of the International Plant Protection Convention (IPPO),

the World Organization for Animal Health (OIE), the International Union of Railways (UIC), Coordinating Council on Trans-Siberian Transportation (CCTT), the World Intellectual Property Organization (WIPO) and others.

In 2014, the EEC was granted the status of permanent WIPO observer, in 2016 — the status of IOM observer. Since 2016, the EEC has participated in events related to the second economic basket of the OSCE and was introduced as a guest of honor at the consultations of the organization's Ministers of foreign affairs. In October 2017 the Chairman of the EEC Board, Tigran Sargsyan delivered a statement at the meeting of the Permanent Council of the OSCE at the organization's headquarters in Vienna.

The fulfillment of obligations of the EAEU States with regard to the WTO at a supranational level.

The key objective of the Commission in this direction is to use experience and best world's practices of international organizations to meet the challenges of the Eurasian Economic Union. The majority of the dialogue routes are based on memoranda of interaction, cooperation and understanding.

The EAEU law, as well as the preceding law of the Customs Union and the Common Economic Space, was developed in compliance with regulations and principles of the World Trade Organization.

After accession to the WTO of one of the CU and the CES States — the Russian Federation — the Treaty on Functioning of the Customs Union was concluded as part of multilateral trading system stipulating for the guarantee of compliance by the Union with both the basic WTO principles and obligations of the association's separate participating countries.

Forms of International Cooperation



Memorandum of Cooperation or Understanding



OBJECTIVE

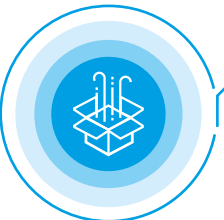
Creating the platform for comprehensive assistance in development of trade and economic cooperation, identification and elimination of barriers to trade.

CONDITIONS

At the initiative and with the mutual interest of the parties, the draft memorandum is prepared to be signed in case of approval by the Commission's Board.

MAY BE SIGNED:

- with foreign countries;
- with regional integration associations;
- with international organizations, including organizations of the UN system.



Non-preferential trade agreements



OBJECTIVE

Creating full-format institutional framework of cooperation. May be considered as a basis for potential transition to the preferential trade regime.

CONDITIONS

An application is filed to the EEC at the initiative of an EAEU State, member of the Commission's Council or a foreign State. After consideration of the application and preliminary analysis of economic expediency, the Presidents of the EAEU States adopt a decision on the commencement of negotiations.

MAY BE SIGNED:

- with foreign countries;
- with regional integration associations.



Free trade area agreements



OBJECTIVE

Reducing customs duties or their setting to zero for certain goods.

CONDITIONS

An application is filed to the EEC at the initiative of an EAEU State, member of the Commission's Council or a foreign state. After consideration of the application and preliminary analysis, the Joint Research Group starts its work. It holds an in-depth economic analysis of prospects of the agreement and prepares a report. Based thereupon, the Presidents of the EAEU adopt a decision on the commencement of negotiations.

MAY BE SIGNED:

- with foreign countries;
- with regional integration associations.



Observer State status



OBJECTIVE

Obtaining advantages as compared to third countries, in particular, the right to attend the meetings of the EAEU bodies and to promptly receive the documents adopted by the EAEU bodies. May be considered as a basis for potential full membership.

CONDITIONS

Any State is entitled to apply to the Chairman of the Supreme Eurasian Economic Council with a request to be granted a Union's Observer State status. The Supreme Council adopts a decision taking into account the interests of integration development and achievement of objectives of the Treaty on the EAEU.

MAY BE OBTAINED:

- by foreign countries.



Full membership



OBJECTIVE

Creating conditions for stable development of economies of the Member States to increase the living standard of their population; aspiring to form single goods, services, capital and labor market within the Union; comprehensive modernization, cooperation and increase in competitiveness of national economies under global economy conditions.

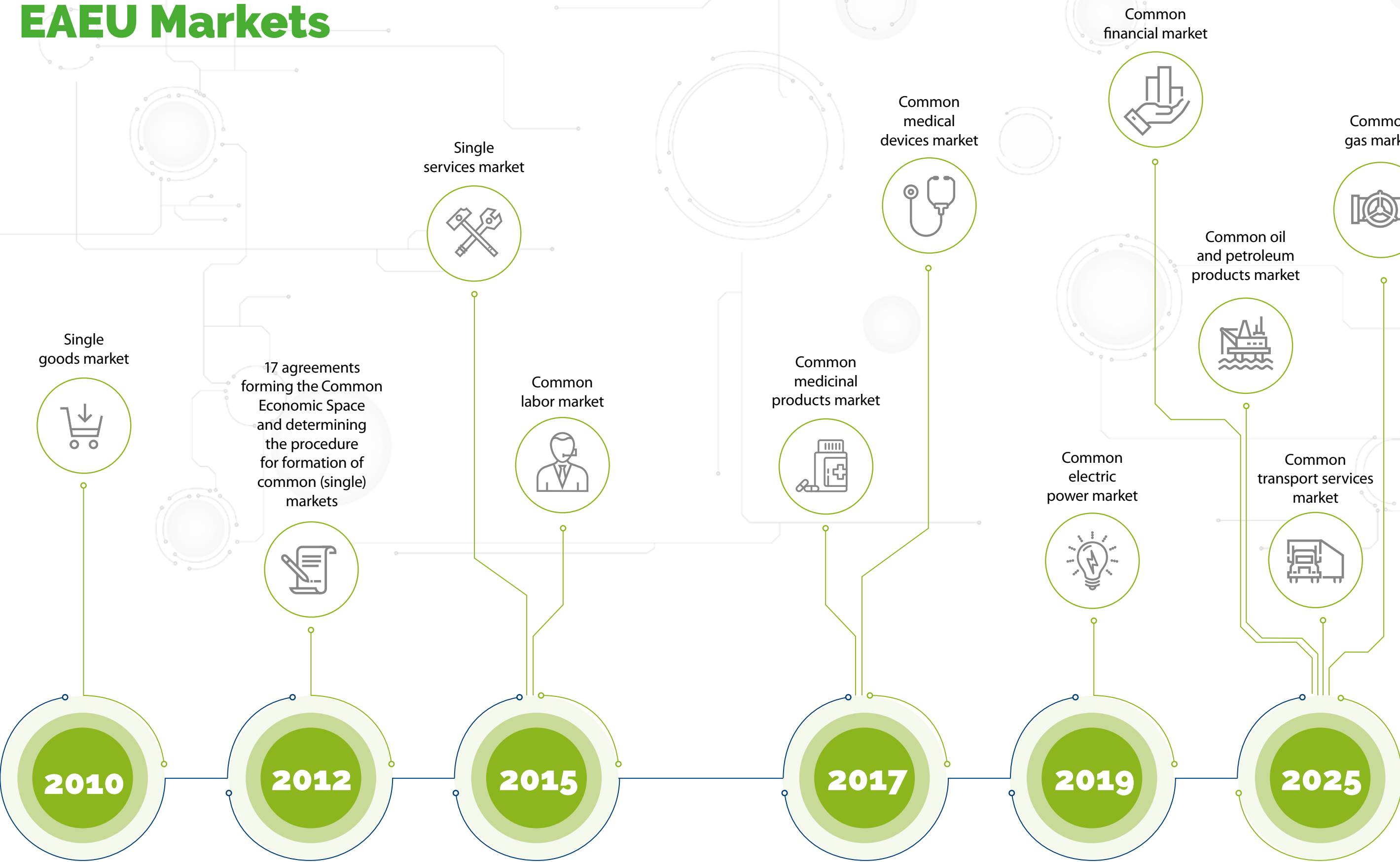
CONDITIONS

An interested State sends an application to the attention of the Chairman of the Supreme Eurasian Economic Council. The Supreme Council adopts a decision on granting a status of nominee member of the Union by consensus. A working group is formed, a road map is developed, following the results of compliance by the nominee State with the road map conditions, the SEEC adopts a decision on signing the international treaty on accession to the Union. The State becomes a full member of the EAEU from the date determined in the international treaty on the accession.

MAY BE OBTAINED:

- by foreign States.

Single and Common EAEU Markets



Freedom of SERVICES movement



Freedom of GOODS movement



The Four Freedoms in the EAEU



Freedom of LABOR movement



Freedom of CAPITAL movement

Freedom of goods movement



Common customs territory



Single technical regulations



Common Customs Tariff



Single Customs Code



Single non-tariff regulation measures



No customs control at inner boundaries



Single Commodity Nomenclature of Foreign Economic Activity (CN FEA)

Freedom of capital movement



Harmonized requirements to regulation and supervision in the sphere of financial markets of the Member States



Forming infrastructure to secure better availability of financial services



Providing financial services throughout the entire Union without the need for additional incorporation as a legal entity



Mutual recognition of licenses in banking and insurance sectors as well as sector of services at the securities market



Creating conditions for the development of financial technologies and support of innovations at financial markets



Administrative cooperation between authorities of the Member States, in particular, by way of information exchange

Freedom of labor movement



No requirements for a work permit



Providing fringe benefits



The right of children to receive education



Free emergency medical services



Settlement of issues of the periods of temporary stay of citizens



Direct recognition of documents confirming education



National personal income taxation treatment

Items on the agenda include preparation of the Agreement on Pension Benefits of the Working Population.

Effects of common labor market:

- growth in employment in the EAEU States;
- increase in the level of social security;
- decrease in the level of illegal migration.

Freedom of services movement ◦

49

service sectors are functioning in a single market regime



General construction services



Retail sales and wholesale



Landscape design



Business consulting



Hotel business etc.



Catering services



IT services



Sound recording



Photo services

14

service sectors will commence functioning in a single market regime in compliance with liberalization plans until 2021



Services of tourist agencies



Accounting and reporting



Surveying services, etc.



Research and development services



Construction services at highly dangerous and technically challenging facilities

92

Service sectors outside the single market



Services of patent attorneys



Housing and public utility services



Educational services



Mass media services, etc.

93

For service sectors without a common market, only common treatment shall apply, which includes national treatment and the most favored nation treatment.

► supplier of services from one EAEU country works in the other EAEU countries based on the authorization for supply of services obtained by it in its own State with tacit and unconditional recognition of professional qualifications of personnel of the services supplier.

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