



CONNECTING PATHS

2018 Annual Report



2018

Annual Report

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Introduction by the Chairman of the EEC Board

Dear Friends and Esteemed Colleagues!



We hereby present the Annual Report of the Eurasian Economic Commission (EEC) detailing the key results of our work in 2018. Yet, by our work I understand, of course, joint activities of the Commission, governments, authorized public authorities, scientists, entrepreneurs of the countries of the Eurasian Economic Union (EAEU).

Together, we kept doing one common matter of great consequence – developing a project that is ambitious, innovative, and flagship in many respects, and while building it we have to bring together the positions of the five countries, make difficult decisions together, and elaborate common

approaches. We are constantly engaged in research of various economic processes, trying to further understand how to effectively organize our Eurasian economic space, so that businesses and our citizens could live and work comfortably. This means that all of our approaches should be up-to-date and adequately fit to the world's changes.

In 2018, we have achieved a significant increase in most economic indicators in the countries of our Union. The Union's GDP growth rate at constant prices was 2.5% in 2018. The mutual trade volume in goods within the Union increased by 9.2%. The foreign trade volume with third countries in 2018 increased by 18.8% compared to 2017, and exports of goods – by 26.8%.

A lot has been done in each area of the Commission's activities over the past year. For example, it has become very productive in terms of international relations. We signed the Agreement on Trade and Economic Cooperation with China and the Interim Agreement leading to the formation of a free trade area with Iran. The functioning of our free trade area with Vietnam has shown effective work. Memorandums of Cooperation have been signed with the largest regional associations: ASEAN, MERCOSUR, the CIS, and with the Government of Thailand. Negotiations on the formation of free trade areas with Israel, Singapore, Serbia, India and Egypt were actively conducted. Moldova has been granted the Observer State status at the EAEU.

The EAEU Customs Code, which entered into force since the beginning of last year, ensured closer integration processes in customs regulation throughout the Union. The Code established advanced approaches that meet international standards and introduced electronic declaration. The Code included 70% of proposals and initiatives received from entrepreneurs.

I feel sure that with your support we will increase the pace of integration and move forward removing obstacles, implementing digital projects, harmonizing legislation and finding common solutions in the interests of citizens and businesses of our countries.

I would like to emphasize that today's global world trend, which changes the logic of business architecture and, in fact, determines the future of our Union, is digital transformation of the economy. We have achieved some success in implementing our digital agenda. A management office was created to deal with digital initiatives, which received dozens of serious digital proposals from the private sector and public authorities, some of which have already been implemented. Among other things, they include marking and traceability projects, the introduction of electronic accompanying documents and their mutual recognition in the Union countries and a number of others.

Today, mass digitization primarily affects services and facilities with high consumer demand. From our integration's perspective, the digitization is primarily important in areas where common markets are created and joint competence of the Union countries is implemented. These are customs and trade in general, transport, financial and pharmaceutical markets, data exchange systems, labor market, public procurement, manufacturing industry and agricultural sector.

The Union is in the process of forming common markets of electric power, gas, oil and petroleum products. In 2018, we managed to ensure a breakthrough in this direction – in December, the members of the Supreme Eurasian Economic Council approved programs of forming common markets of gas, oil and petroleum products. The EAEU Technical Regulation On Safety of Natural Combustible Gas Prepared for Transportation and (or) Use has been adopted.

We gradually eliminated obstacles that hindered free trade in our common economic space. In 2017–2018, 31 such obstacles were eliminated.

Approaches to forming a common market of alcohol and tobacco products in the EAEU have been agreed. We almost completed to elaborate the agreements on tax policy principles in respect of excise duties on alcohol and tobacco. Technical Regulation On the Safety of Alcoholic Beverages, which had been under development since 2010, was adopted. It will ensure the free movement of alcohol released into circulation on the single customs territory of the EAEU. Now, the unified requirements for safety and quality of products cover about 85% of the goods on the Union market included in the Single List.

In 2018, a decision was made to sign a treaty aimed at establishing a new system for EAEU trademark registration. Moreover, the business supported our idea of creating Eurasian brands, in particular, in jewelry.

The year 2019 is especially significant for us. We celebrate the 5th anniversary of signing the Treaty on the EAEU and the 25th anniversary of the Eurasian integration idea. During this period, we have achieved the main thing – we have built-up an efficient integration model of multilateral interaction, we have ensured the solidity and viability of our Union.

We go ahead to make our integration association one of the most significant centers of today's world, which would allow efficiently developing the economies of its Member States, while being open to mutually beneficial cooperation with external partners. This is our great strategic task.

Tigran Sargsyan

Address by the Chairman of the Supreme Eurasian Economic Council, the President of Russia

On January 1, 2018, the Russian Federation assumed the chairmanship of the Eurasian Economic Union bodies.

We regard the EAEU as a major regional integration organization that is promoting the economic alignment of the five Member States and their sustainable development towards the increased prosperity of our peoples.

Over the three years since its establishment, the Union has proved its value and effectiveness. The Member States' domestic sales and foreign trade are increasing. Our export companies are strengthening their positions on the markets of third countries. The structure of our exports is improving, and the share of high value added goods among our exports is increasing. New joint ventures have been established, promising investment projects launched and industrial cooperation developed. The range of goods produced within the Union is increasing, which means that our people, as consumers, have broader access to inexpensive high-quality goods.

I am convinced that we can not only maintain this growth rate but also ensure the continued development of the EAEU. For

this, we need to take a broader look at our integration project, formulate and implement ambitious integration goals and map out new cooperation vistas. We must work to ensure that all people in our countries understand and support the Union's goals and contribute to their achievement by directly connecting their wellbeing and future with the Eurasian Economic Union.

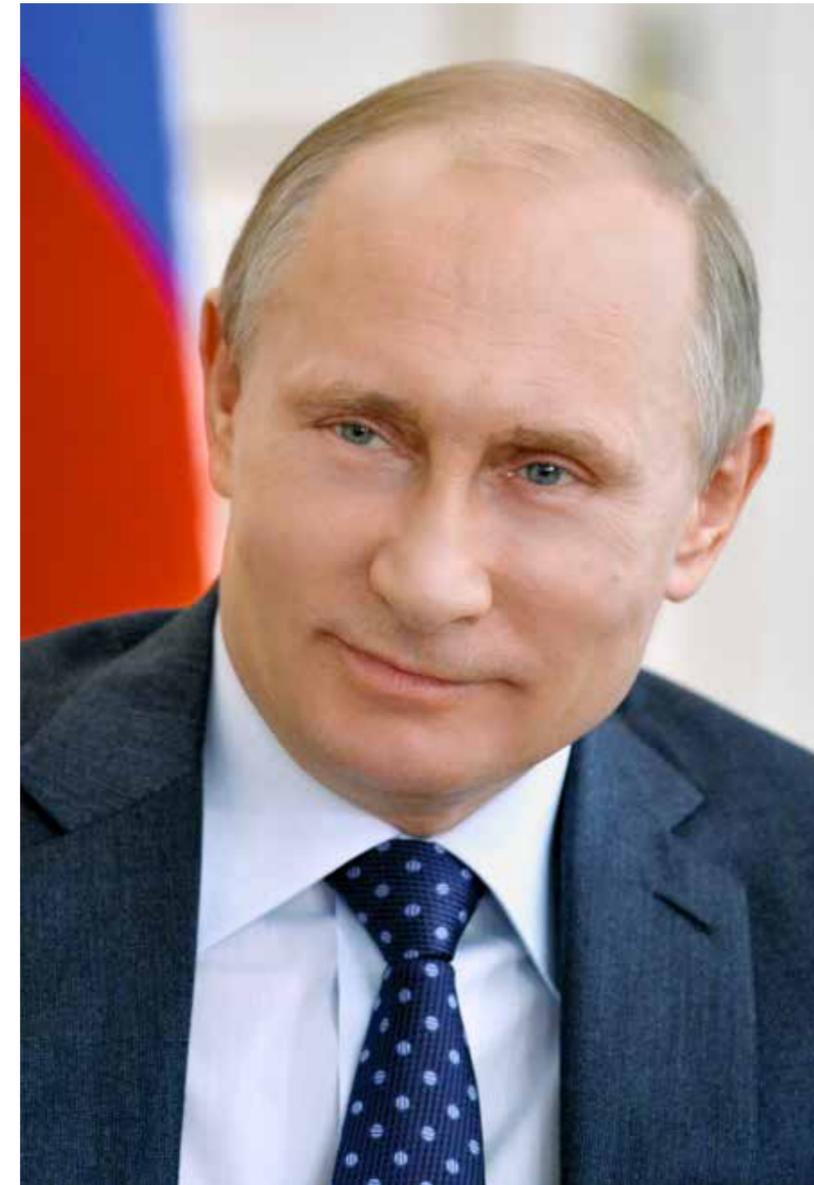
While maintaining continuity in our work, it is important to continue working jointly with our integration partners to remove the remaining barriers, exceptions and restrictions in the way of building a common economic space. We will have to intensify our efforts towards creating single markets for goods and services, and providing conditions for the free movement of capital and labor. We must seek a concerted policy in industrial production and agriculture; develop import substitution, cooperate in manufacturing and technologies; initiate large transport infrastructure modernization projects; develop efficient logistics schemes and improve the Union's transit potential.

We believe it is necessary to accelerate the Union's common digital agenda, coordinate actions for advancing the

Internet economy, developing common online trade rules of conduct, information exchange and security standards. It is also necessary to introduce high technologies into public administration, industrial production, customs regulation and other areas. Also required are common competitive, innovative and knowledge-intensive projects.

The five countries have good opportunities for expanding mutual ties in such fields as nuclear power industry, renewable energy sources, environmental protection, healthcare, space exploration, tourism, as well as sports. Although currently there is no intense cooperation in the respective areas within the framework of the EAEU, the business community and the public remain highly interested in them. Therefore, it appears that we ought to start actively addressing these matters in a multilateral union format.

We intend to further expand inter-regional and cross-border cooperation between the EAEU Member States. Thereby we would give an additional impetus to the integration processes and we would ensure closer cooperation at the inter-regional level.



We suggest paying greater attention to the sociocultural sphere. I would like to highlight the importance of assisting the efforts of our countries' universities to streamline mutual ties, to implement joint academic and research programs, to expand student exchanges, as well as to boost academic mobility.

Efforts to maintain close and mutually beneficial cooperation with other States and integration associations have key significance for ensuring the development of the Eurasian Economic Union. A free trade area with Vietnam has been functioning successfully since 2016. We expect positive results from the current negotiations to establish free trade areas with Egypt, Israel, India, Iran, Serbia and Singapore. We can see substantial prospects in signing the Agreement on Trade and Economic Cooperation between the Eurasian Economic Union and the People's Republic of China. I am confident that the EAEU and China's Belt and Road Initiative can effectively supplement each other.

We deem it appropriate to explore the possibility of a closer alignment of the Union and the CIS formats, some participating countries of which could receive an observer status at the EAEU.

We intend to continue cooperation between the Eurasian Union and the UN and its specialized bodies. We believe that the Union should further contribute to the implementation of the UN Sustainable Development Goals and its other forward-looking global initiatives.

We must work together to strengthen the EAEU's positions at the WTO and to ensure its full-scale participation in other international organizations, including the World Customs Organization.

I would like to highlight the importance of adjusting the EAEU and ensuring the comprehensive and unconditional implementation of the standards and obligations by all Member States, even if this implies amending national legislation. Only by unifying our regulatory and legal frameworks can we ensure proper and efficient operation of our single markets, and guarantee free movement of goods, services, capital and labor.

I hope for cooperation and contribution from the EAEU Member States to the actual implementation of the initiatives of the Russian chairmanship in 2018. I am convinced that the furthering of Eurasian integration will help us enhance the wellbeing of our citizens and facilitate the maintenance of the cultural, historical and social unity of peoples of the Union countries.

Vladimir Putin

Heads of the Member States about the EAEU



Nikol Pashinyan

"In trade relations, I think, there are really no limits within the Eurasian Economic Union. It has vast opportunities and great potential."

Interview to the MIR TV channel, June 21, 2018

"Armenia attaches particular importance to the diversification of foreign economic relations. We fully support the main directions of the EAEU's international activities for 2019 and efforts aimed at expanding the geography of free trade agreements."

SEEC, December 6, 2018, St. Petersburg



Alexander Lukashenko

"The effectiveness of integration and the future of the Union as a whole will depend on how harmoniously we can unite the potential of our States through digital solutions."

SEEC, December 6, 2018, St. Petersburg

"No one should have any doubts that the EAEU is an effective joint project aimed at improving the level of economic wellbeing of all Member States."

SEEC, December 6, 2018, St. Petersburg



Nursultan Nazarbayev

"The global stature of our organization has strengthened; more and more countries tend to stay with us in trade and economic cooperation. In general, I can say that in the short term, the EAEU managed to start in life and establish oneself as an integration association of full value."

SEEC, May 14, 2018, Sochi

"I wish we could implement the EU model. They are able, why cannot we do the same? We do not need another language, we understand each other, we have a cultural community, common historical origins, we have enterprises that complement each other. Let us never lose this powerful advantage."

Interview to the VGTRK channel, October 22, 2018



Sooronbay Jeenbekov

"The geopolitical tensions growth can undermine all the results that we have achieved within the framework of Eurasian integration. We must move away from domestic competition and work together on the international stage. Only by deepening and expanding our integration, we can disclose the entire economic potential of our countries."

SEEC, May 14, 2018, Sochi

"Joining the EAEU was a deliberate, conscious and strategically verified step on our part, meeting the national interests. In general, I would like to note that we joined the EAEU on favorable terms for the country and received serious positive results from the moment of accession."

Interview to TASS, May 14, 2018



Vladimir Putin

"It is worth mentioning that our association is perceived by international experts as an open, common market and a single investment and business space."

SEEC, May 14, 2018, Sochi

"The EAEU external relations continue to expand. An agreement on international treaties with third countries and international organizations was signed in May. In November, the Eurasian Economic Commission concluded memorandums of cooperation with the Executive Committee of the CIS and ASEAN. We see this as a step towards implementing the project of a Greater Eurasian partnership."

SEEC, December 6, 2018, St. Petersburg



Reliable Partner for the World

The EAEU, linking Europe and Asia, has a unique resource, human and industrial potential. The Union is a reliable partner working with the world on mutually beneficial and transparent conditions. This is a single economic space with predictable and understandable rules of the game.



EAEU in a Changing World

“The outlines of a new global economic model have already appeared. It is more equitable as its elements are not only States, but also regional economic integration associations.

In the context of the EAEU, we see that integration effects turn out to be more noticeable for citizens and business, and the Union itself becomes a center of attraction for foreign partners, both for States and other economic associations.

Tatyana Valovaya, Minister in charge of Integration and Macroeconomics

These days there is a growing trend towards reformatting the current world economic pattern. The international trade rules are interpreted highly subjective for the implementation of specific tasks and interests. International organizations regulating world trade, in particular the WTO, are not always able to respond to new risks and threats.

The EAEU creates a network of regional integration groups in accordance with the WTO rules and principles. Such effective trade interaction with foreign partners and the development of integration within the Union make it the attractive and reliable partner.



“I think that the main problem for the business today is that it has become more difficult to plan the strategy, the dialogue between countries has been broken, nobody believes to anybody. The new protectionism turned out to be a much more serious problem than anyone would have thought. However, we are using the window of opportunity that is still available to give the EAEU business trade and economic advantages.

Veronika Nikishina, Minister in charge of Trade

1 The Memorandum is the first step in creating institutional framework for cooperation with a third party. A platform is being created to promote the development of trade and economic cooperation, to identify and eliminate barriers to trade; a working group can also be formed. The EAEU countries and partner States regularly hold joint events, consultations and business forums.

Such interaction activates direct contacts between business representatives of the Union's countries and partner countries.

2 Non-preferential trade agreements (Agreements on Trade and Economic Cooperation) do not imply cancellation or reduction of duties. Such agreement is aimed at the removal of non-tariff barriers, the development and maintenance of various projects, as well as cooperation in various fields, from customs issues to e-commerce.

3 Preferential trade agreements set out the mutual obligations of the parties to ensure duty-free movement of goods and to simplify in a certain way access to their markets as part of mutual trade for suppliers of goods and services from partner countries under the agreement.

Among the basic issues in the agreement, the following things are nearly always considered:

- ▶ trade in goods;
- ▶ protective measures;
- ▶ technical regulation, sanitary and phytosanitary measures;

- ▶ electronic commerce;
- ▶ protection of intellectual property rights;
- ▶ simplification of customs procedures and rules of origin.

Agreements may also include issues of liberalization of mutual trade in services and investments, access to the state procurement market, common principles of competition protection, cooperation in the field of sustainable development and others.

4 Any state interested in cooperation may be granted the **observer status at the EAEU** by decision of the Supreme Eurasian Economic Council (SEEC). Representatives of an observer country following the invitation of the EEC may attend sessions of the bodies of the Union at all levels (without voting rights) and receive documents that are not confidential.

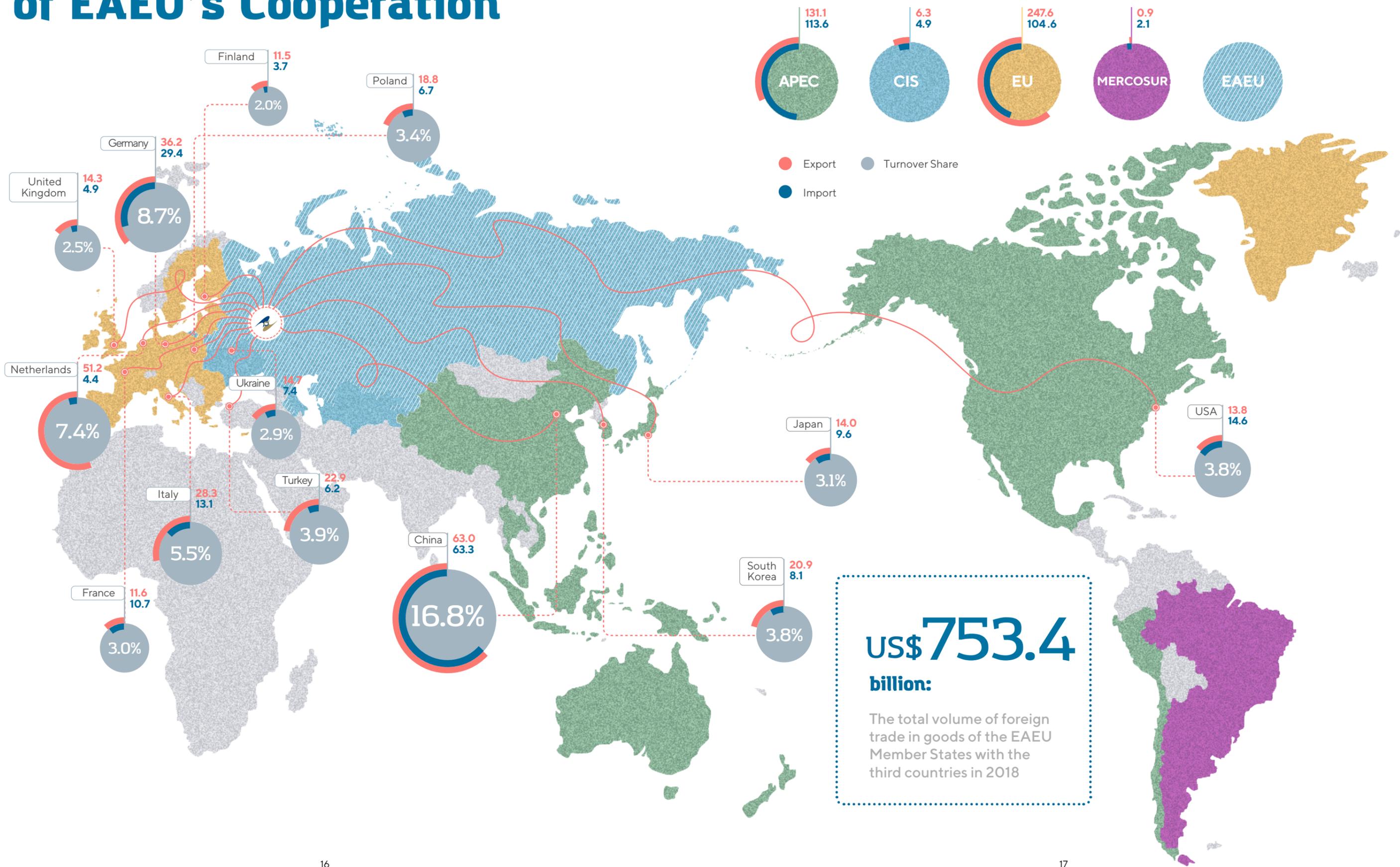
In addition, the Government of the observer state may send to the EEC an official to interact with the Commission and its bodies on a regular basis.

The procedure for obtaining and revocation of status is approved by Decision No. 8 of the Supreme Eurasian Economic Council, dated May 14, 2018.

The first observer state at the EAEU was Moldova.

The Union is open to membership of any State which shares its goals and principles. The accession process is described in Article 108 of the Treaty on the EAEU, as well as in the Procedure for Admission of New Members to the EAEU and Termination of Membership.

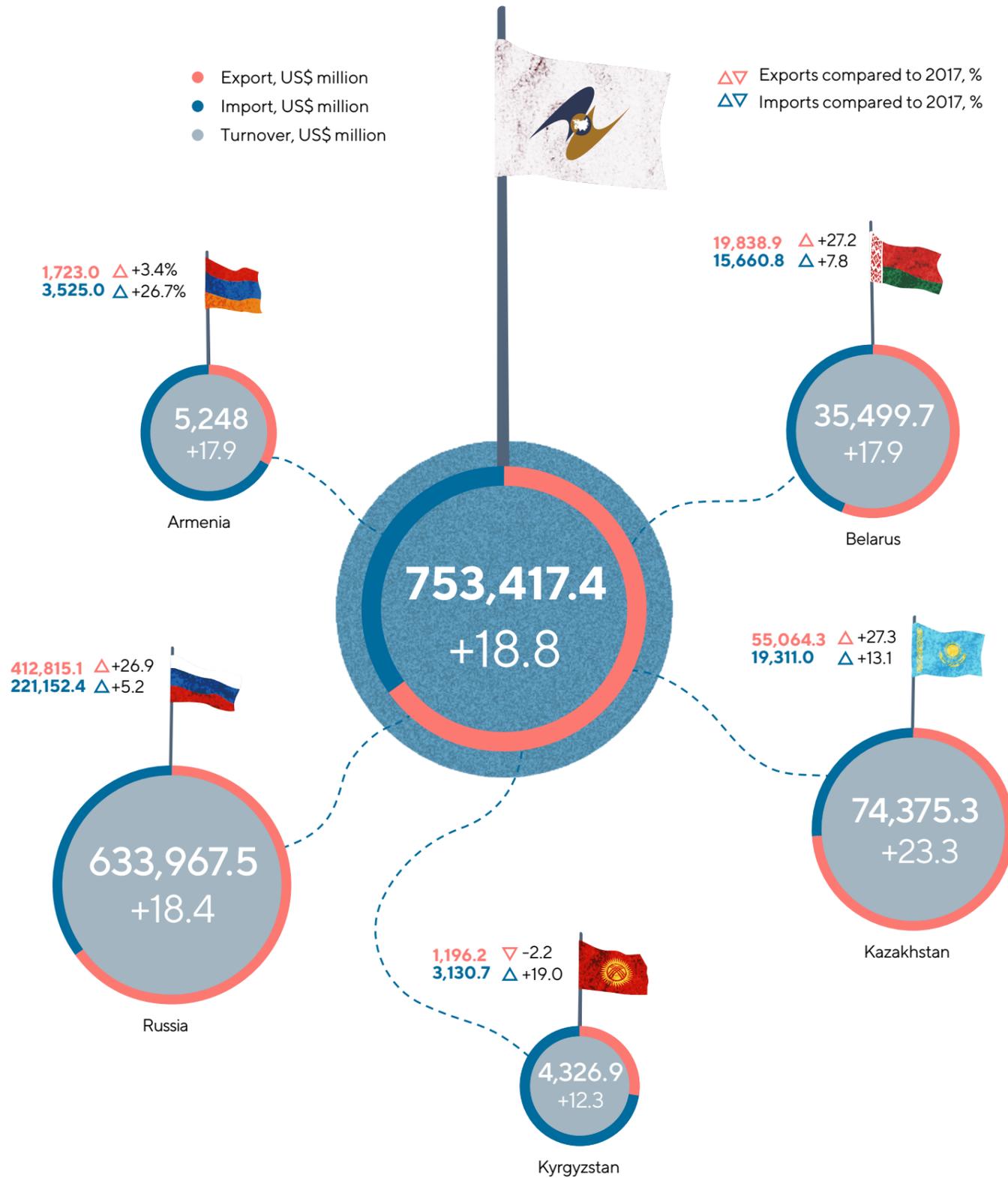
Geography of EAEU's Cooperation



Results of foreign trade in goods of the EAEU States with third countries

● Export, US\$ million
● Import, US\$ million
● Turnover, US\$ million

△▽ Exports compared to 2017, %
△▽ Imports compared to 2017, %



On May 17, 2018 during the Astana Economic Forum in Kazakhstan, two important agreements were signed:

- ▶ the Interim Agreement leading to the formation of a free trade area between the EAEU and its Member States, on the one part, and the Islamic Republic of Iran, on the other part;
- ▶ the Agreement on Trade and Economic Cooperation between the EAEU and its Member States, on the one part, and the People's Republic of China, on the other part.

The **Interim Agreement with Iran** provides for the reduction and/or elimination of duties on a limited group of "early harvest" goods that are of high export interest for the business of the EAEU countries.

The Interim Agreement will provide the preferential conditions for exports to Iran for a number of key agricultural and industrial sectors of the EAEU countries not only due to the reduction of customs duties, but also through legal guarantees assumed by Iran. This applies to Iran's obligations to provide "basic" non-discrimination conditions to the goods of the EAEU countries as



Signing of the Interim Agreement leading to the formation of a free trade area between the EAEU and Iran within the framework of the Astana Economic Forum, on May 17

The “early harvest” principle implies that the parties may enter into agreements on the most promising negotiation areas without waiting for full consensus on all issues.

stipulated by the World Trade Organization, of which Iran is not a member. The agreement established balanced equally beneficial conditions for business based on the win-win principle.

The **Agreement on Trade and Economic Cooperation with the People’s Republic of China** will establish the necessary international legal basis for further progress in trade facilitation and the elimination of non-tariff barriers that restrict mutual access to markets. As a matter of fact, the Agreement establishes the core principles and rules for trade in goods between the Union and China. In addition, under the Agreement, conceptually new formats of cooperation on the so-called sectoral agenda have been created, providing for interaction in specific

sectors of the economy with access to the implementation of joint investment projects, for example, in transport, energy, agriculture and others. At the same time, the Agreement is not preferential, as trade duties remain in place ensuring tariff protection of the Union countries’ market.

The agreement with China is the first serious step where the EAEU and the Belt and Road initiative are being interlinked, which defines a potential vector for mutual cooperation and development.

↪ *The Agreement on Trade and Economic Cooperation between the EAEU and China was signed on May 17 within the framework of the Astana Economic Forum*

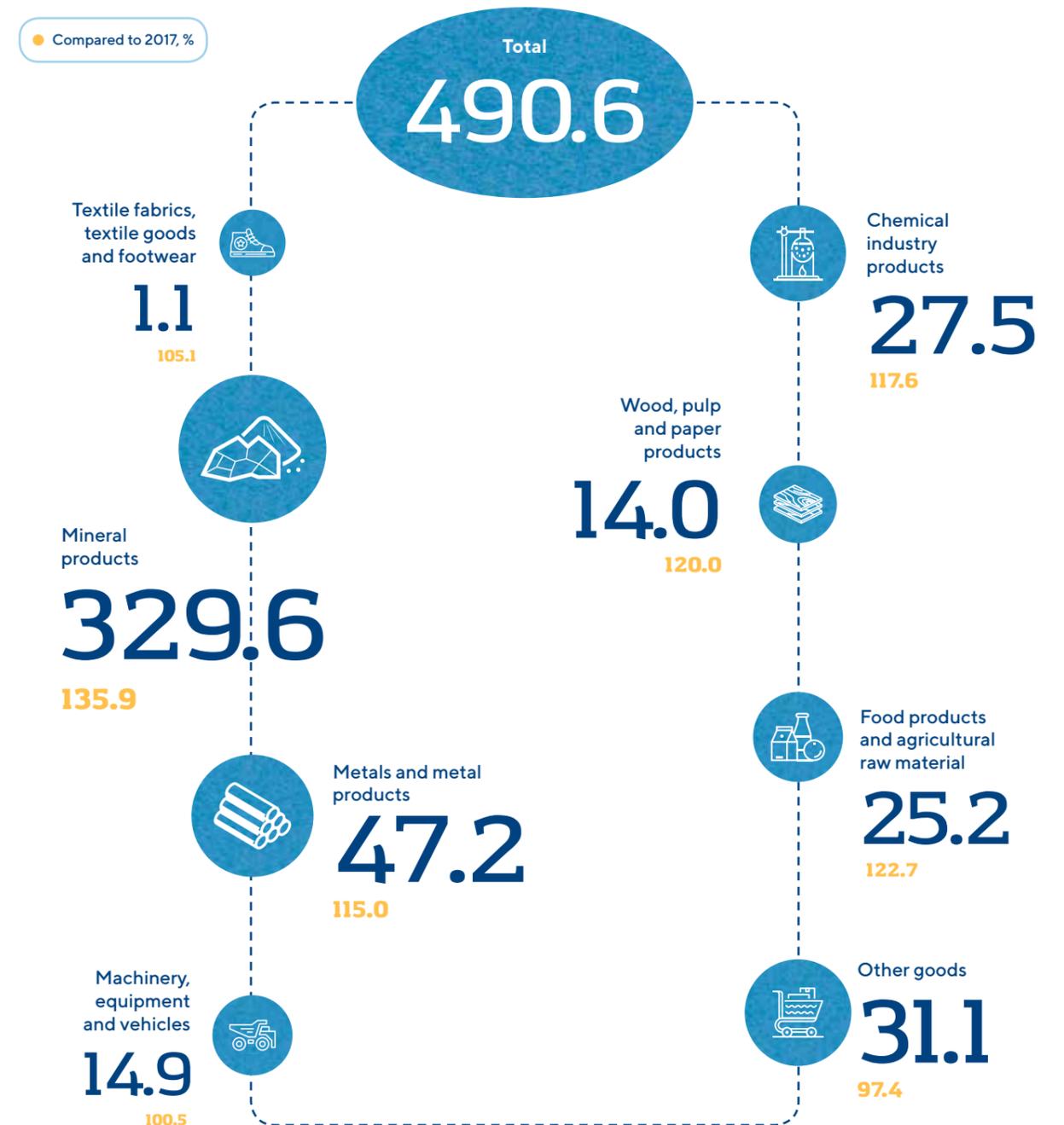


The international investment project, the Silk Road Economic Belt, provides for the formation of a single Eurasian trade and economic space and a transcontinental transport corridor. Xi Jinping, the Chairman of the People’s Republic of China, has put forward the idea to create this project while he made his speech at Nazarbayev University during the state visit to the Republic of Kazakhstan from September 6 to September 8, 2013.

“We have specific projects on transport corridors, which we have included in the agenda of cooperation with China. It is important to synchronize the Chinese, European and Eurasian standards from the very beginning. This relates to the safety issue.

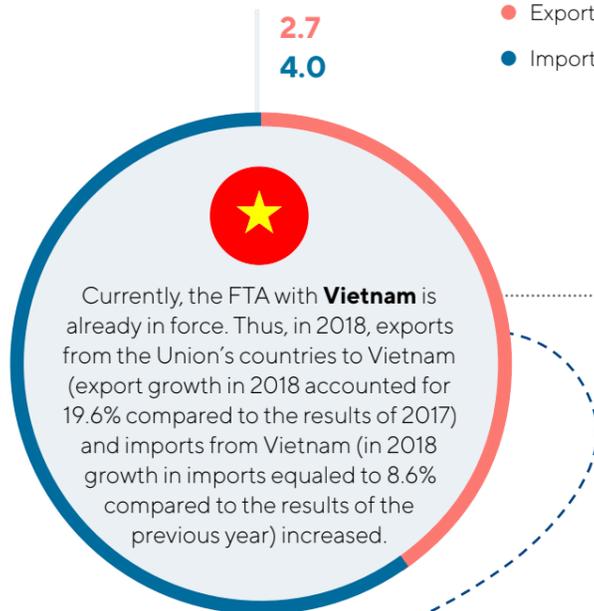
Tigran Sargsyan, Chairman of the EEC Board

Commodity export structure of the EAEU States in foreign trade for 2018, US\$ billion



Trade with foreign economic partners for 2018

● Exports, US\$ billion
● Imports, US\$ billion

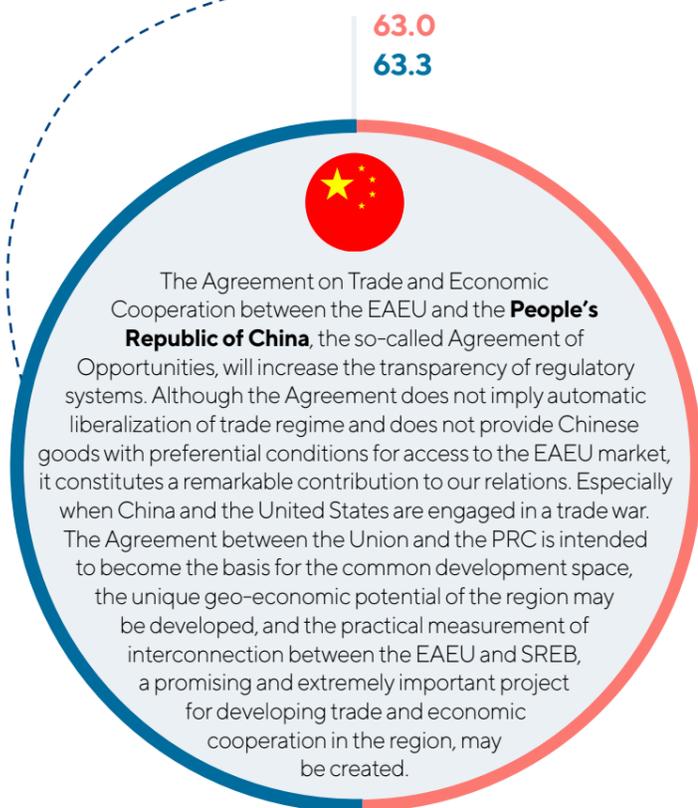


What the EAEU supplies to Vietnam:

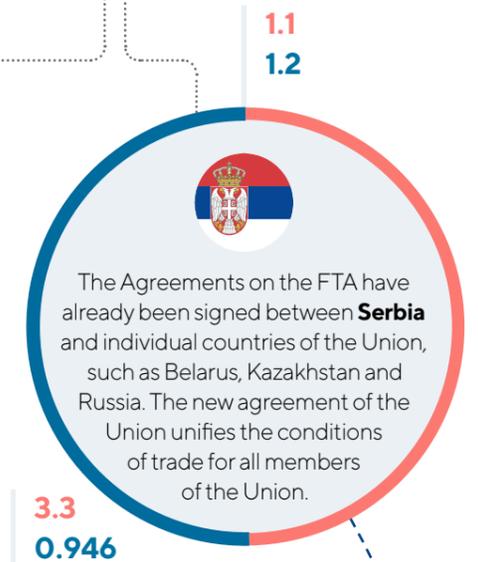
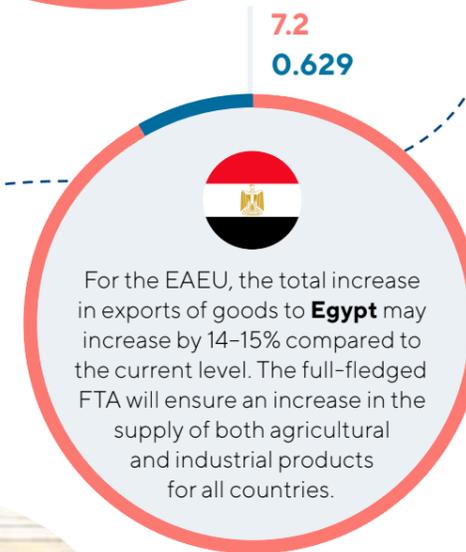
- wheat (US\$ 468.2 million)
- flat steel products (US\$ 321.8 million)
- hard coal (US\$ 206.8 million)
- lead (US\$ 122.2 million)
- special-purpose vehicles (US\$ 105.7 million)
- potassium fertilizers (US\$ 89.8 million)

What Vietnam supplies to the EAEU:

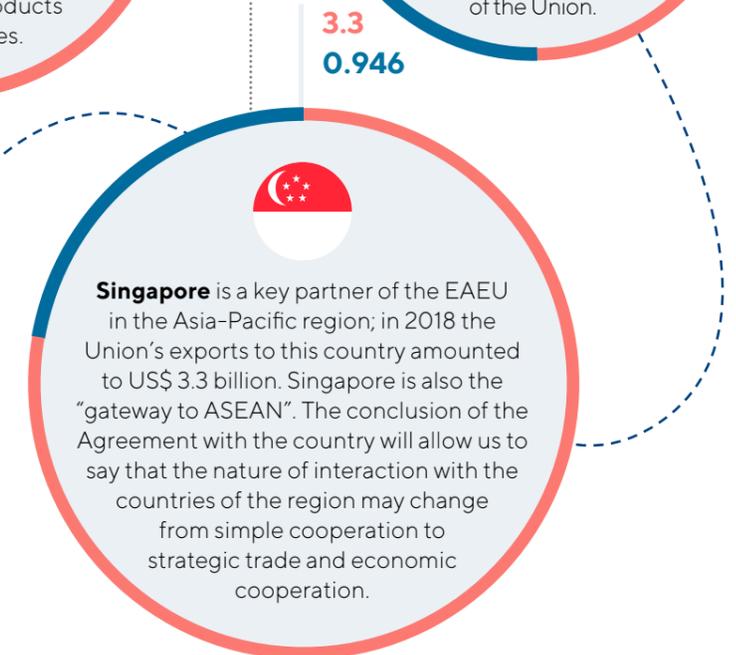
- communication equipment (US\$ 1,556.5 million)
- footwear (US\$ 327.5 million)
- textile clothing (US\$ 221.7 million)
- coffee (US\$ 190.9 million)
- printing machinery (US\$ 175.2 million)
- integrated electronics (US\$ 132.7 million)



In 2018, negotiations with **Israel** continued, negotiations with **Singapore** started. Preliminary consultations were held with the **Egyptian side**, which will allow starting negotiations in early 2019. The work on the conclusion of the Free Trade Agreement with **Serbia** continued. The agreements will provide business with better export conditions, expand and simplify the access of the producers from the EAEU countries to the markets of third countries.



Meeting of the Chairman of the EEC Board with the President of the Arab Republic of Egypt



The results of the EAEU's international activity in the field of positioning in 2018 was the signing of Memorandums of Understanding with several countries and integration associations.

The main purpose of the Memorandums is to develop direct contacts between business representatives.

Cooperation is expected to be carried out through meetings of working groups, conferences, forums, seminars, round tables with the representatives of the official and business circles focusing on stepped-up actions for the "sectoral" dialogue on the most important issues for each of the partners.

Memorandums of Understanding were signed with:

- ▶ the Government of Cuba;
- ▶ the Government of Thailand;
- ▶ the Government of the Faroe Islands;
- ▶ ASEAN.



It was signed on May 31, 2018. The document allowed the EAEU countries and **Cuba** to coordinate efforts to increase trade and investment, eliminate barriers to trade, and also opened up possibilities for systematic joint activities in the economy.

A joint interaction commission has been set up, which includes representatives of the EEC, the governments of the countries of the Union and Cuba, and business circles.



On August 23, an official ceremony of signing the Memorandum took place in Torshavn, on the **Faroe Islands**. The EEC delegation was headed by Tatyana Valovaya, the Minister in charge of Integration and Macroeconomics.



It was concluded on November 19, 2018 in Bangkok in the presence of the Chairman of the EEC Board Tigran Sargsyan and the Prime Minister of the Kingdom of **Thailand** Prayuth Chan-ocha. The document was signed by Tatyana Valovaya, the Minister in charge of EEC Integration and Macroeconomics, and Sontirat Sontijirawong, the Minister of Commerce of the Kingdom of Thailand. A joint working group is established within the framework of the Memorandum. The first meeting is scheduled to be held in Moscow in June 2019. It was also agreed to hold the EAEU-Thailand business forum in Bangkok at the end of 2019.



On November 14, Tigran Sargsyan, the Chairman of the EEC Board and Lim Jock Hoi, the ASEAN Secretary-General, signed the Memorandum of Understanding in Singapore



On November 14, 2018, the Memorandum of Understanding was signed in Singapore in the presence of Russian President Vladimir Putin and leaders of **ASEAN** countries. In accordance with the document, the program of cooperation between the two organizations for 2019-2020 has already been agreed. Such areas as technical regulation, sanitary, veterinary-sanitary and phytosanitary quarantine measures, digital economy, intellectual property and others take central stage.



On November 19, Tatyana Valovaya, the Minister in charge of Integration and Macroeconomics, and Sontirat Sontijirawong, the Minister of Commerce of the Kingdom of Thailand, signed the Memorandum of Understanding in Bangkok

“Our Union has already entered the family of integration associations as a very important participant. Last year, we signed the Memorandum of Cooperation with ASEAN. In a couple of weeks, the Memorandum was signed with MERCOSUR. We feel the demand from a number of other integration associations. All this speaks for the growing role of the EAEU in the system of such relationships.”

Tatyana Valovaya, Minister in charge of Integration and Macroeconomics



December 17, 2018 in Montevideo (Uruguay), the **Memorandum on Trade and Economic Cooperation with MERCOSUR** was signed. This document became the basis for the development of a dialogue on trade diversification and deepening cooperation between the two integration associations.



Trade Minister Veronika Nikishina and foreign ministers of Argentina, Brazil, Paraguay and Uruguay signed the Memorandum on Trade and Economic Cooperation on December 17 in Montevideo



The traditional area of the EAEU international activity remains cooperation with the CIS countries that are not members of the Union. In November 2018, the **Memorandum on Deepening Cooperation between the EEC and the CIS Executive Committee** was signed, supplementing the provisions of the Memorandum



On November 27 in Minsk, the Memorandum on Deepening Cooperation between the EEC and the CIS Executive Committee was signed

as of December 17, 2012. The document laid the legal ground for closer cooperation, in particular, through the participation of representatives of the Commission and the Executive Committee of the CIS in the meetings of the working bodies of the EAEU and the CIS. Also, the parties will now cooperate in such areas as customs regulations, traceability and marking of goods with means of identification, state procurement, consumer protection, the digital economy, etc.

Constructive dialogue is essential between the EAEU and the EU in the context of changing world economic pattern. To this end, the EEC actively interacts with the European business communities, influential European centers and the expert community. The Commission took part in meetings of bilateral intergovernmental commissions of Russia with Greece, Portugal and Spain.



EEC representatives regularly participate in the annual Eurasian Economic Forum in Verona.

The subject of the EAEU and the EU interaction is also raised through contacts with the OSCE. By the end of 2018, the Commission formed and submitted proposals on areas of cooperation with the OSCE to its official representatives.

In 2018, the prerequisites were outlined to develop sectoral cooperation in those areas where the Commission has sufficient supranational powers, such as some aspects of technical regulation, the application of sanitary and veterinary measures, trade policy, regulation on establishing common markets for medicinal products and medical devices.



The meeting of the Chairman of the EEC Board with the OSCE Secretary General Thomas Greminger

“Contacts with the EU should be established without reference to political context. Then, economic dividends, strengthening of the positions of our countries in the world economy, especially on the back of protectionist tendencies and taking into account the remaining volumes of our trade, economic and investment cooperation would be immediate.”

Tatyana Valovaya, Minister in charge of Integration and Macroeconomics

Memorandum of Understanding between the EEC and the International Trade Center (ITC)/October 09, 2018/ Geneva, Switzerland

The ITC is the joint agency of the World Trade Organization and the United Nations. The ITC's activities are aimed at trade promotion and export development, and at improving the competitiveness of small and medium-sized enterprises in world markets.

The aim of EEC and the ITC cooperation is to strengthen the trade and economic cooperation between the EAEU States and their integration into the international trading system, and to ensure more efficient business environment in the EAEU countries. A cooperation program for 2019-2020 is being developed to implement the main provisions of the Memorandum.

In 2018, the first meeting of the joint committee on interaction between the EEC and the Ministry of Foreign Trade and Investments of the **Republic of Ecuador** was held, the main task of which is to facilitate the development of contacts between the EAEU and Ecuador within the competence of the EEC.

Common Trade Policy

In 2018, the Commission worked on obtaining observer status in the WTO bodies. The principal agreement from the EAEU countries was obtained, and in the near future the EEC will fully address this issue.

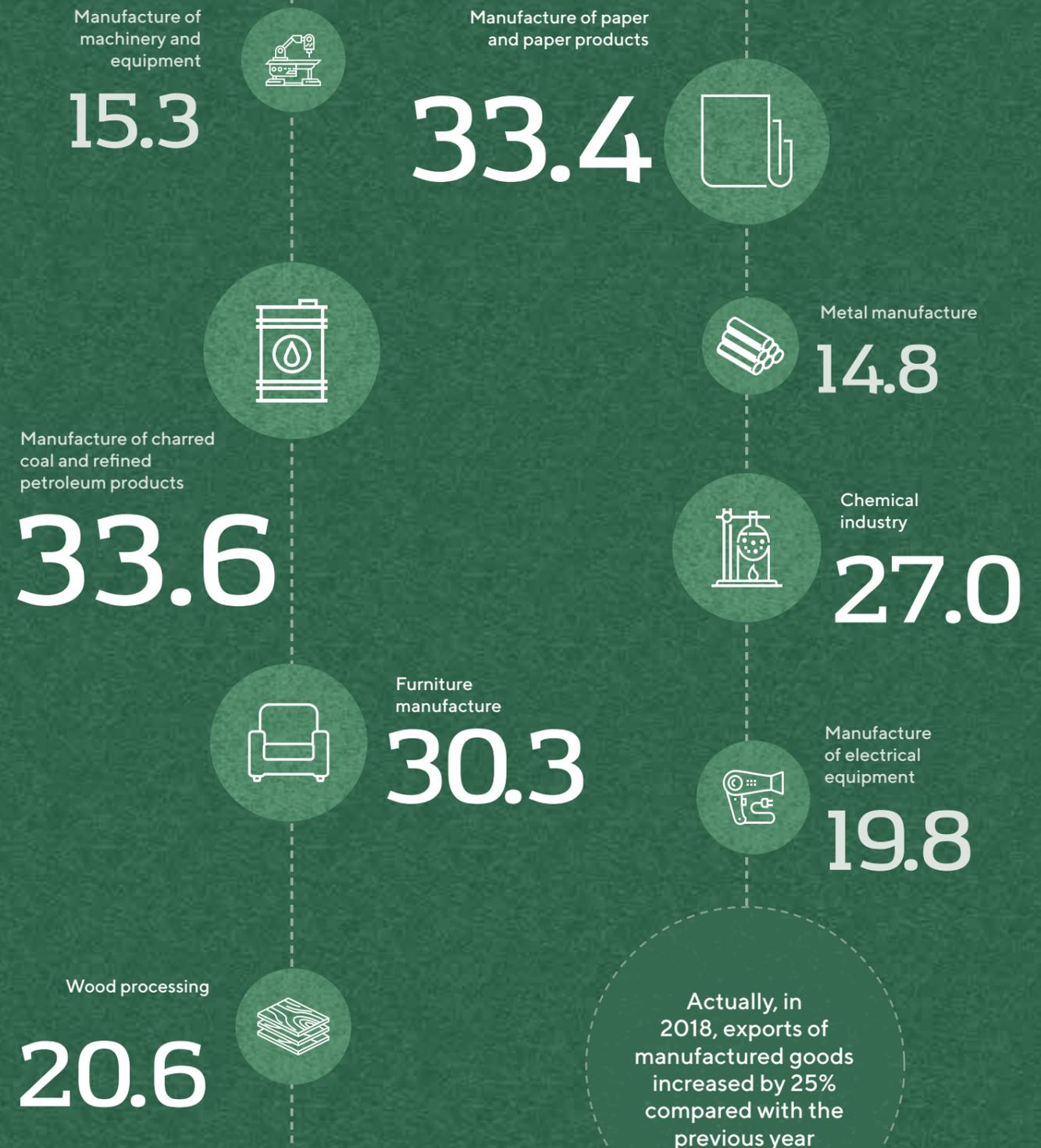
In 2018, the EEC monitored restrictive measures applied by foreign partners and held consultations aimed at the elimination of such measures to realize the export potential of the Union countries.

As a result of this work, a book of restrictive measures applied by third parties against the EAEU countries was drawn up, which enabled businesses to obtain the necessary information about existing or potential barriers in the markets of third countries and take them into account when making current supplies or first market entry.

The Commission plans to proceed its work on eliminating the identified restrictive measures, primarily through negotiating and signing trade agreements.

For the purpose of implementation of the common trade policy, the new Rules of Origin of Goods from Developing and Least Developed Countries and Rules of Origin of Goods imported into the Customs Territory of the EAEU (non-preferential rules of origin) were approved in 2018. The documents will facilitate foreign economic activities, create transparent, predictable and simplified conditions for the participants to cooperate with the customs authorities of the Union countries.

Sectors that showed the best rates of increasing exports to third countries in 2018, % of growth compared to the previous year



Reliability in the Union

Despite the difficult situation in the world, the EAEU demonstrates a steady growth of economic indicators. The EAEU showed the highest **GDP** growth over the last 6 years.



“Our analysis showed that the European Union ranks first among integration associations in terms of integration level. Yet, you need to remember that the EU is not only an Economic Union, but also the Monetary and Political Union. The Eurasian Economic Union is in the second place. Moreover, we see that our integration indicators have risen significantly in recent years, and we continue to set ourselves new ambitious goals.

Tatyana Valovaya, Minister in charge of Integration and Macroeconomics



Integration Results in the Rankings

The EAEU integration achievements have a positive effect on the positions of the Union countries in the leading international rankings.

An annual study by the World Bank Group evaluates the ease of doing business. The Doing Business Index is dedicated to the evaluation of regulations that govern the activities of small and medium-sized enterprises throughout their life cycle, and the procedure of their enforcement in practice

In 2018, all EAEU Member States improved their positions in the Doing Business ranking.

The EAEU consolidated position in 2019 Doing Business ranking is 31st, which is 4 points higher compared to the last year. From 2010 to 2019, the EAEU improved its position by 81 points, rising from 112th to 31st place.

Compared to 2017, the Eurasian Economic Union showed improvements on the basis of the following indicators:

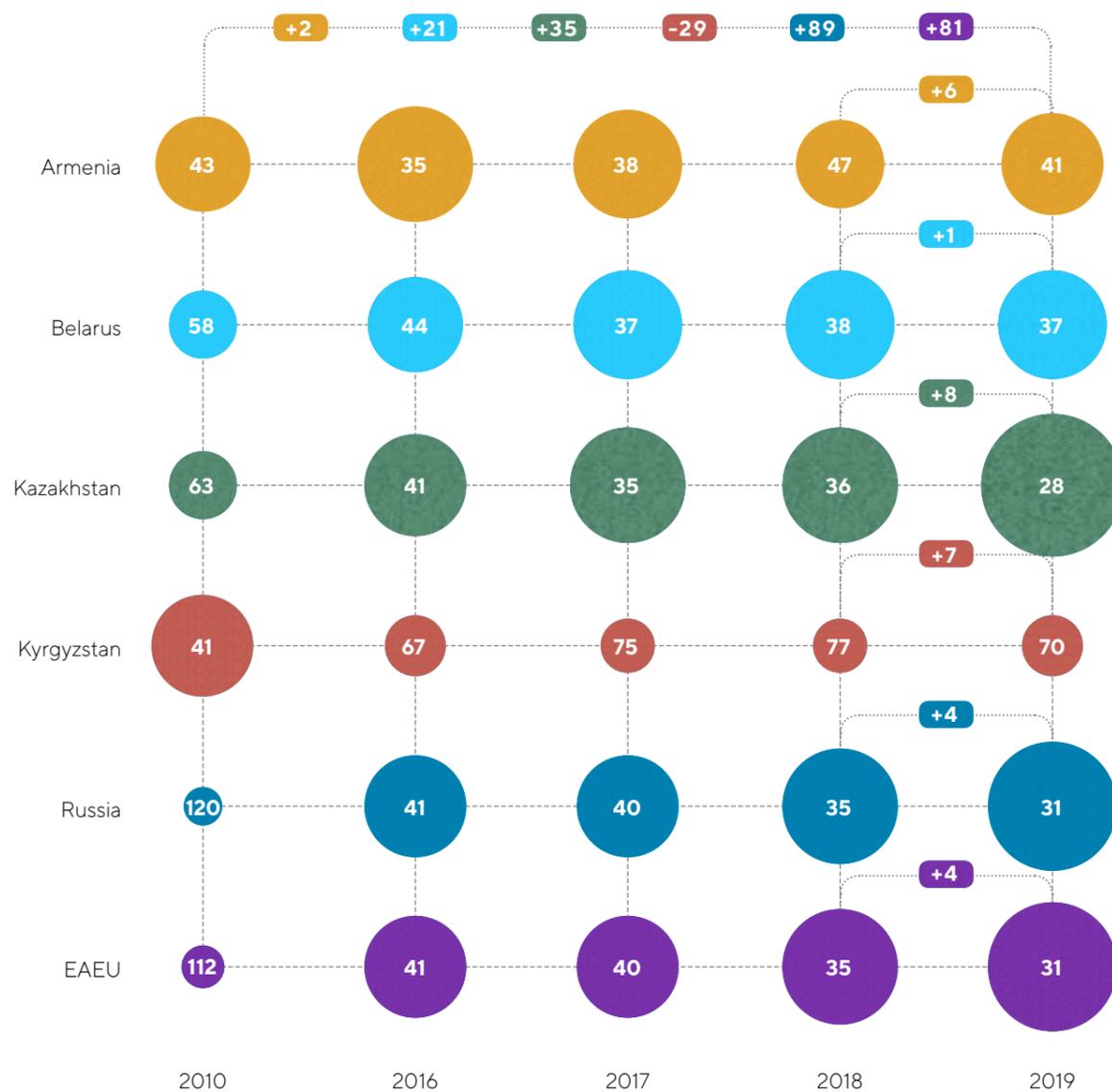
Construction Permits (+59 points), Drawing (+8 points), International Trade (+3 points), and Contract Performance Bond (+1 point).

Since 2010, the most significant growth has been observed in terms of Drawing (+146 points), Construction Permits (+126 points), Business Registration (+103 points), International Trade (+66 points), and Contract Performance Bond (+43 point).

The Global Competitiveness Index is an aggregate indicator that summarizes the results of micro- and macroeconomic studies of the competitiveness of a country's economy. It is calculated by the Swiss non-profit non-governmental organization of the World Economic Forum.

In the Global Competitiveness Ranking in 2018, the EAEU ranks 45th out of 140 economies.

Doing Business Index



Global Competitiveness Index



¹ According to the World Economic Forum.

² Since 2018, the positions of the countries have been estimated according to the new Global Competitiveness Index 4.0 methodology.

Russia takes the highest position among the Union countries (43rd place), then goes Kazakhstan (59th place), Armenia (70th place) and Kyrgyzstan (97th place) based on the Global Competitiveness Index.

The highest results were achieved in the following subindexes:

- ▶ market size (11th place);
- ▶ ICT adoption (27th place);
- ▶ innovation activity (41st place);
- ▶ business development dynamics (50th place).

The Human Development Index is an indicator calculated for cross-country comparison and

measurement of the standard of living, literacy, education and longevity as the main characteristics of the human potential of the study area. The index is compiled by the United Nations Development Program.

In 2017, the EAEU took the 50th place out of 188 economies. From 2010 to 2017, the Union improved its position by 5 points, rising to 50th place.

Russia takes the highest position among the EAEU countries (49th place, 0.816 score) based on the Human Development Index. Belarus takes 53rd place with a score of 0.808, Armenia takes 83rd place with a score of 0.755, Kazakhstan takes 58th place with a score of 0.800, and Kyrgyzstan takes 122nd place with a score of 0.672.

Human Development Index



Keep Up with the Times

The Union keeps up with the times, responding flexibly to the situation. This is the aim of the Commission activity jointly with the countries to amend the EAEU Treaty in terms of eliminating the current restrictions. This will make it possible to identify and define the areas for further development of the integration process, to identify new forms of integration and fields where cooperation may be deepened.

EAEU Integrated Information System

Since 2010, the Union has been implementing a project to establish the EAEU integrated information system (EAEU IIS) (previously, the information system of foreign and mutual trade of the Customs Union).

Now the EAEU IIS is used for interaction of the authorities of the Union States. Looking ahead, any subject of electronic interaction in the EAEU will be able to obtain within its rights and powers access to the Union's common information resources and common processes at any time and on any device by means of the EAEU IIS, provided that the level of information protection established by the Union and the legislation of the states is ensured. This task is planned to be accomplished, among other things, by implementation of digital platforms for the provision of electronic interstate services to natural persons and businesses.

OUR WORK IN 2018

- 1** Technological documents regulating information exchange in the following fields have been approved:
 - ▶ customs cooperation;
 - ▶ customs tariff regulation and non-tariff regulation;
 - ▶ regulation and control of production and circulation of agricultural products.
- 2** The list of common processes includes the processes of the following fields:
 - ▶ labor migration and social security;
 - ▶ organization of industrial cooperation in the EAEU.
- 3** The following processes are put into action:
 - ▶ common processes in the fields of circulation of medicinal products and medical devices;
 - ▶ common process associated with the exchange of information about the goods to be labelled with control (identification) marks.

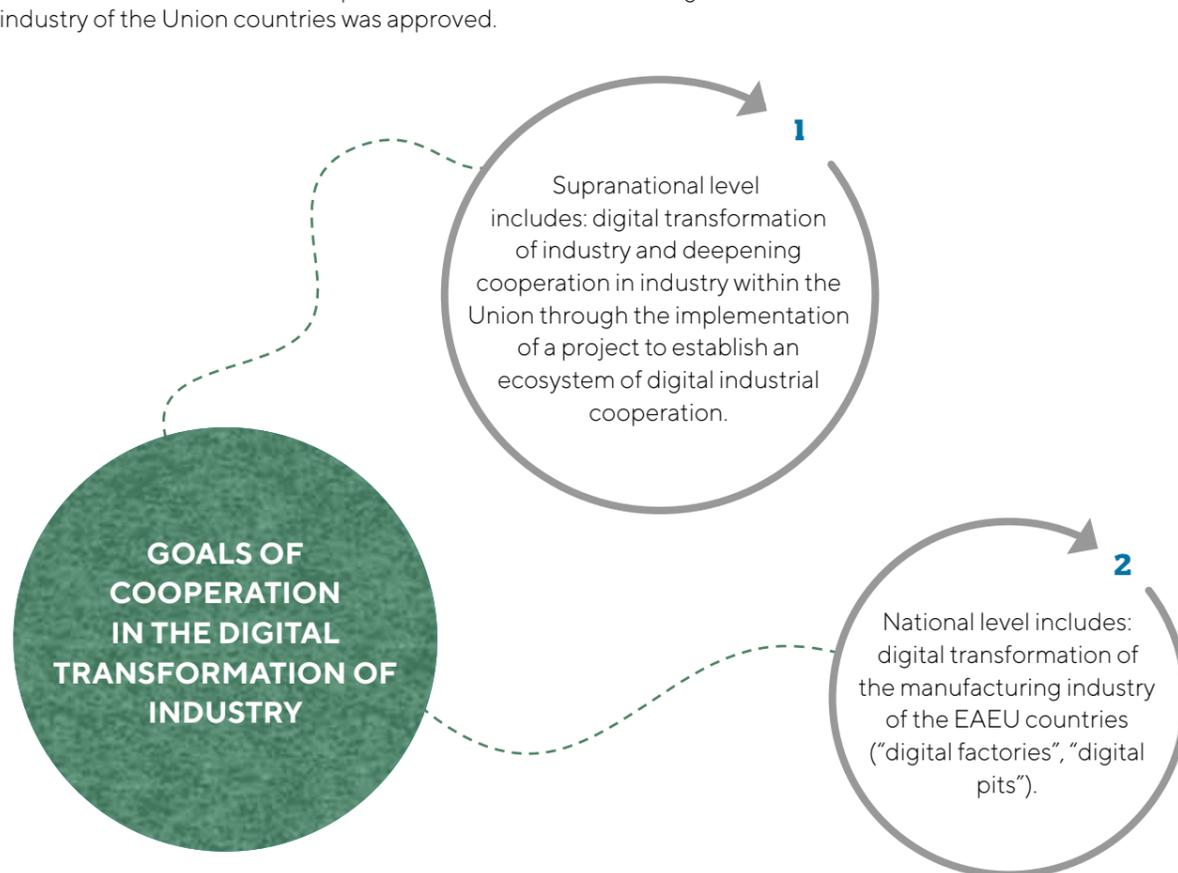
In the future, it is planned to develop the EAEU digital platform to provide interstate electronic services, including to citizens and economic entities.

Work to provide opportunities for electronic data exchange with third countries and international associations has begun on the basis of the current EAEU IIS infrastructure.

As part of the implementation of the Free Trade Agreement with Vietnam, an experiment on the information exchange from customs declarations between the central customs bodies of the EAEU Member States and Vietnam has been conducted since October 2018. It is expected that a full exchange of customs information on a regular basis will be established in 2021. Also in the near future it is planned to implement an electronic system of certification and verification of the goods origin.

The **EAEU IIS** is an integration of geographically distributed state information resources and information systems of the EEC's authorized bodies, united by the national segments of the Union countries and the EEC integration segment.

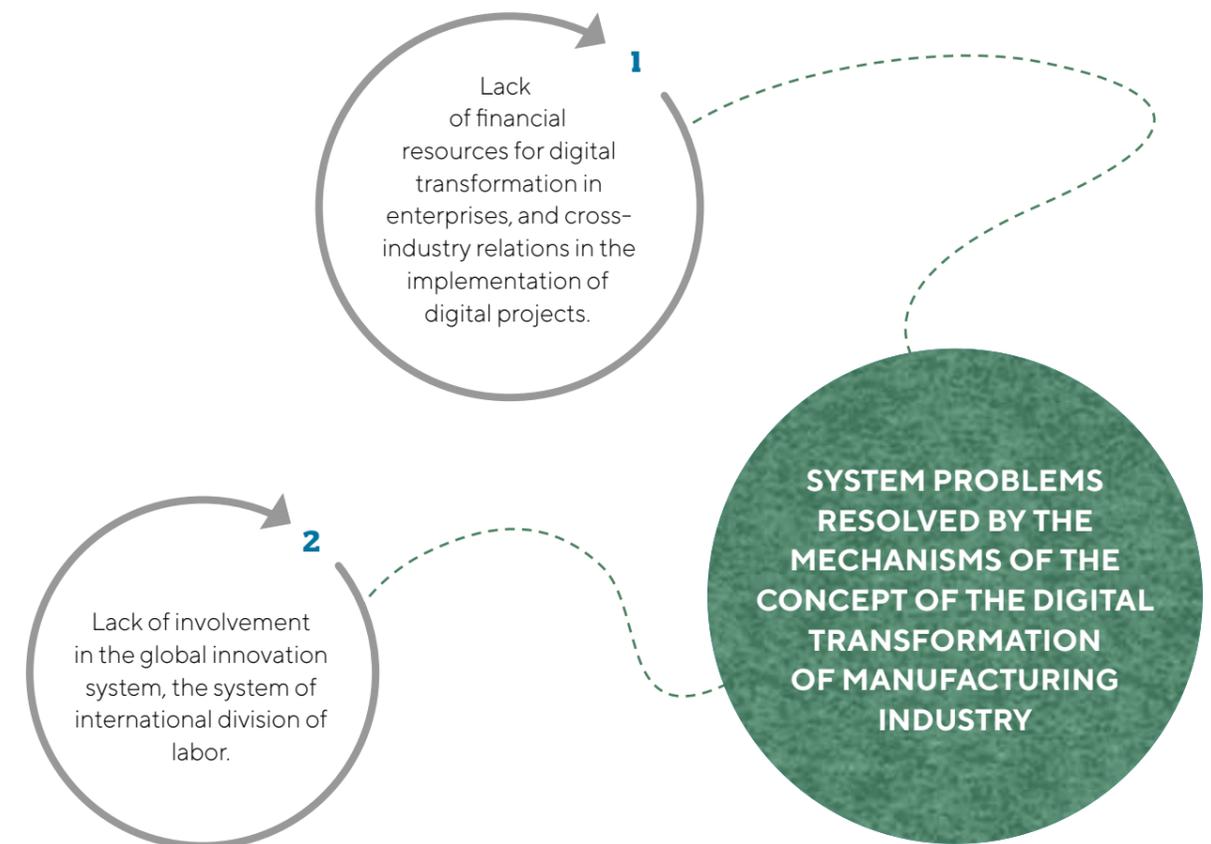
In December 2018, the Concept on the establishing the conditions for the digital transformation of industrial cooperation in the EAEU and the digital transformation of the industry of the Union countries was approved.

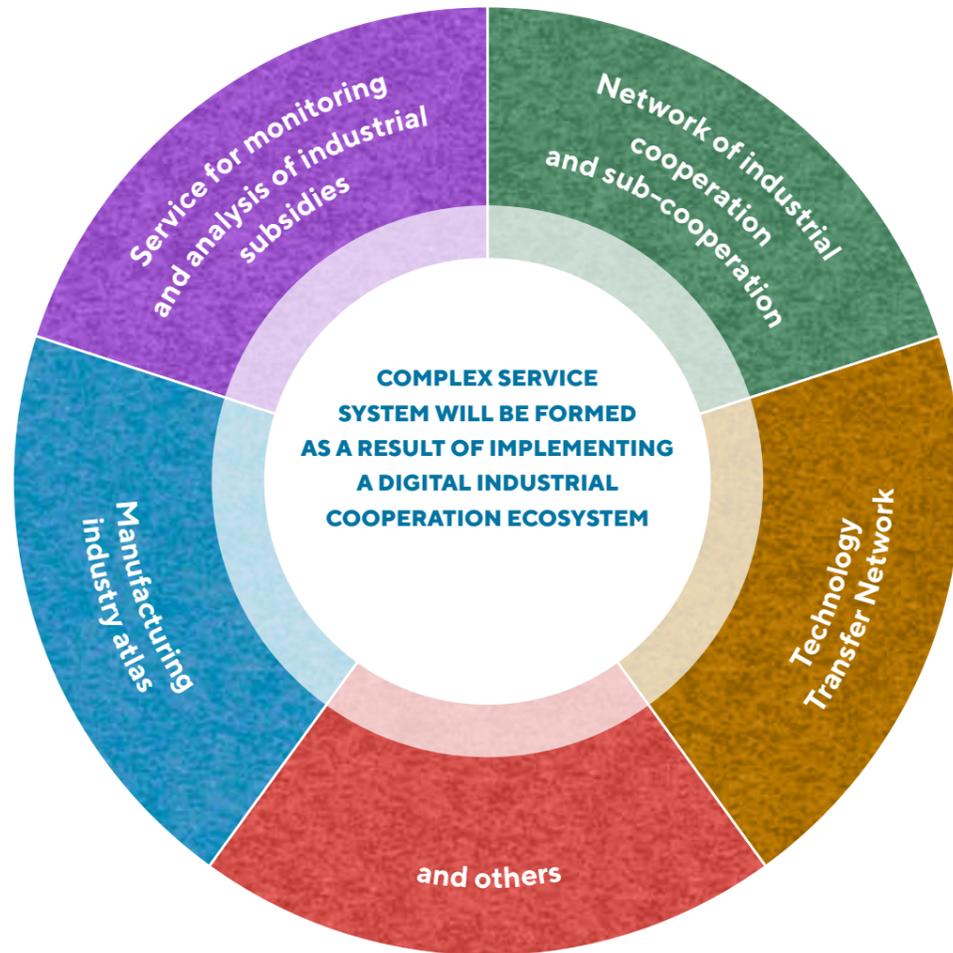


On June 28, 2018, a Protocol on the Exchange of Customs Information was signed between the central customs bodies of the EAEU countries and Vietnam. The document provides for the phased implementation of electronic information exchange. This will simplify customs operations, accelerate the release of goods and prevent violations of customs legislation.

"The Union's Integrated Information System is a digital artery that unites all states. And it is through this system countries interact with each other. Another important function that the integrated information system will provide is interaction with the external world."

Karine Minasyan, Minister in charge of Internal Markets, Informatization, Information and Communication Technologies





Looking ahead, the platforms implemented in cooperation with the countries will allow to develop collaboration with partners from third countries, including Germany, China and Singapore.

In 2018, the draft Agreement on the exchange of information about goods and vehicles of international transportation moved across the customs borders of the EAEU and China was approved. Domestic procedures required for signing the Agreement are held in the countries of the Union and in China.

“Cities and industrial zones with 5G work standards are already being implemented in the world, drones already find their niche in agriculture, robotization in industry shows an impressive effect on the economy. We have a great potential in the EAEU. And we should not miss our chance.”

Alexander Subbotin, Minister in charge of Industry and Agricultural Sector

Ambitious Goals

On December 6, 2018, the heads of Union States signed the Declaration on the Further Development of Integration Processes within the EAEU. The declaration is aimed, among other things, at expanding the scope of the Treaty on the Union and including new tasks in the integration agenda.

During 2019, a strategic document will be developed until 2025, revealing specific mechanisms for implementing the Declaration. It will include activities that will ensure the fulfillment of the tasks set within the four key areas of integration development, such as:

- ▶ to ensure maximum efficiency of the Single Market of the Union and the realization of its opportunities for business and consumers;
- ▶ to establish a “territory of innovation” and the promote scientific and technical breakthroughs;
- ▶ to realize the integration empowerment for people and improve their well-being and quality of life;
- ▶ to form the Union as one of the most significant centers for the development of the present-day world, open to mutually beneficial and equal cooperation with external partners and building new formats of interaction.

The fundamental review of all integration areas lies at the heart of large-scale work to improve mechanisms of the EAEU operation, the results of which are reflected in the Report on the implementation of the main integration directions published on the Union’s website.



Business Development Space

One of the objectives of the Union is to provide a background for the sustainable development of economies. The four freedoms laid down in the EAEU Treaty provide for the creation of this background.

Free movement of goods, services, capital and labor forms an integrated development space for the business of the EAEU countries.



Interaction with Business Community

“In two years, we managed to eliminate 18 barriers, 7 restrictions and 2 exceptions on the Union’s domestic market. At the same time, in parallel, we work to identify obstacles, and business actively helps us in this.

Karine Minasyan, Minister in charge of Internal Markets, Informatization, Information and Communication Technologies



Barrier-free Environment

No successful formation of single markets in the EAEU is possible without identification and elimination of existing obstacles. In December 2018, the registry of barriers, exceptions and restrictions on the internal market of the Union contained 71 obstacles, of which 16 barriers, 17 exceptions and 38 restrictions.

EEC has created an online registry of obstacles in the internal market of the Union on the updated <https://barriers.eaeunion.org> portal. With its help, everyone can familiarize with the list of barriers, exceptions and restrictions on the internal market of the Union and with the progress of work on elimination thereof.

In addition, any representative of the business community or a natural person can make an appeal about a potential obstacle to the functioning of the internal market of the Union.

For two years of the portal’s functioning, 121 requests were received from business representatives and natural persons.

According to expert estimates, the elimination of individual barriers contributed to US\$ 195.7 million growth of reciprocal deliveries of goods that were subject to restrictive measures. Benefits for the business from elimination of individual barriers can range from US\$ 12.1 million to US\$ 15.8 million.

Key results of 2018



Examples

- ▶ Russia has expanded the list of cargo crossing points using carnet TIR supplementing it with such multiway motor vehicle crossing points as Brusnichnoye, Nekhoteyevka, Troebortnoye. This allowed businesses to significantly reduce production costs and improve the logistics of cargo transportation in general.
- ▶ Belarus canceled additional sanitary and hygienic expertise of certain types of goods imported to the EAEU from third countries. Suppliers had to reconduct tests that had already been done as part of the procedures for confirmation of compliance of goods with the requirements of technical regulations.

Barriers mean obstacles to the free movement of goods, services, capital and labor within the framework of the functioning of the EAEU internal market, which obstacles do not comply with the law of the Union.

Exceptions mean exclusions (derogations) provided for by the law of the EAEU in terms of non-application of the general rules for the functioning of the internal market by the Union State.

Restrictions mean obstacles to the free movement of goods, services, capital, labor within the framework of the functioning of the EAEU internal market arising from the lack of legal regulation of economic relations which development is provided for by the law of the Union.

of the Union. Now, additional procedures for goods from the EAEU countries in Belarus will no longer be applied.

- ▶ Russia eliminated the obstacle for supply of wood and rough timber to Armenia through the Verkhny Lars crossing point. Timber deliveries from Russia are of

great importance for Armenia – primarily for the implementation of large infrastructure projects, such as the installation of cable power transmission lines and the construction of the subway and railways.

- ▶ Belarus has reduced the rate of value added tax (VAT) for

crop, hive, livestock and fish farming products from EAEU countries. Now the VAT rate will be 10% both for Belarusian goods and for goods imported to the republic from EAEU States. Previously, they were subject to a higher 20% VAT rate.

EEC has moved to a new format of work, where the Consultative Committee on the functioning of internal markets discusses the most sensitive obstacles for states. After that, proposals for elimination thereof are monthly submitted to the meetings of the EEC Council. As a result, 10 instructions of the EEC Council on the most sensitive obstacles were adopted in 2018.



Examples

- ▶ Introduction by Russia of restrictions on the supply of dairy products from Belarus.
- ▶ Application of the minimum level of reference prices for goods imported from the Union States in Kyrgyzstan.
- ▶ Presence in Belarus of an authorization-based procedure for the export of grain,

products of its processing, feed compounds, flax fiber, rapeseed oil, rape oil and beet molasses to the EAEU.

- ▶ Restriction on the issue of motor vehicle certificates of title in Russia due to the lack of emergency call devices in vehicles imported to Russia from other Union States and issued into circulation prior to January 1, 2017.

Competition in Transboundary Markets

Supervision of compliance with the general rules of competition in transboundary markets is one of the most important tasks of the Commission.

Key results of 2018

- ▶ There have been considered 27 applications on the grounds of violations of general competition

rules in transboundary markets of the EAEU, including 13 applications on the grounds of abuse of dominant position, 12 – on the grounds of unfair competition, 2 – on the grounds of anticompetitive agreements.

- ▶ On all received applications, 6 proposals for voluntary restoration of competition were issued, 4 investigations are being

conducted, 3 cases have been initiated. In addition, in 2018, the Board of the Commission made decisions on 3 cases started earlier.

- ▶ The issue of introducing and extending the duration of state price regulation by the Republic of Belarus on white crystal sugar was considered.

- ▶ An assessment was made of the impact of the EEC anti-dumping measures on competition on solid-rolled steel wheels, graphite electrodes and cold-worked seamless pipes market.
- ▶ Amendments have been made to the Law of the Union, which resulted in introduction of the institute of proposal allowing to

voluntarily eliminate violations and restore competition without penalties.

- ▶ There has been approved a procedure that regulates extension of the duration of the previously introduced state price regulation as well as the possibility of faster resolution of disputes related to the issues of its introduction.

- ▶ The competition authorities of the Union States have developed and approved an action plan on competition advocacy for 2018–2020 in order to clarify the general rules of competition and sanctions for violation thereof and provide feedback to the business community of the Union.

Competition and antitrust regulation unit actively cooperates with the OECD Competition Committee. So, the delegation from the Commission presented a report on its work at the OECD Global Competition Forum. In turn, the Chairman of the OECD Committee praised the EEC contribution to the enforcement of general competition rules in the transboundary markets of the Union.

Improvement of the EAEU Treaty in the field of competition

In 2018, the EEC developed amendments to the Treaty on the Union regarding the introduction of prevention and precaution tools, allowing them to be used as preventive anti-trust response measures. Amendments will increase the efficiency of anti-trust response

measures, significantly reduce the administrative burden on business and increase the “preventive effect” in the business environment. The corresponding draft protocol was sent to the countries of the Union for internal legal procedures required for signing.

Prior to the entry into force of these amendments, the Commission issues proposals to eliminate violations of the general rules of competition in transboundary markets. In the case of its implementation, the case is terminated without imposition of penalties.

Competition advocacy

The objective of competition advocacy is to increase business awareness of Union law and the tools available to the Commission, through which businesses may restore competition in transboundary markets of the Union.

The objective of competition advocacy is to increase business awareness of Union law and the tools available to the Commission, through which businesses may restore competition in transboundary markets of the Union.

Meetings were held in all EAEU countries. Representatives of more than 200 companies took part in them. 40 entrepreneurs applied for consultations on an individual basis; following their results, the Commission registered four reports on probable signs of violations of general competition rules.

In order to raise awareness of the business of the Union countries, a source book explaining the legal basis for the protection of competition in the Union's common markets, the White Book, has been developed and posted on the EEC website.

Within the framework of cooperation with the United Nations Conference on Trade and Development (UNCTAD), a joint work on conducting an expert review of the Union's competition law in terms of its compliance with the best international practices and experience in the field of competition and antitrust regulation was started.

Competition in the field of public procurement

The Commission, together with the Union States is developing a draft Protocol on the introduction of amendments to the Treaty on the Union. The draft provides for a mechanism for extending the time for exceptions and for setting of repeated exceptions from the national regime in the course of the public procurement.

Free access of potential suppliers of the Union States to participate in public procurement which take place in an electronic format can be provided by the mutual recognition of electronic digital signature (EDS) by the Union States.

To date, mutual recognition of EDS is provided between Russia and Belarus. The issue of recognition of EDS between Belarus, Kazakhstan and Russia is under consideration. Work to prepare action plans for the mutual recognition of EDS manufactured in accordance with the legislation of Armenia and Kyrgyzstan and other Union States is in progress.

For the implementation of measures for the recognition of EDS in Armenia, the representatives of the country and Russia agreed to make

a preliminary assessment of the technical capabilities of electronic trading platforms and to test their interaction.

122.6
US\$ billion

Total volume of public (municipal) procurement of the EAEU countries in 2018

Assessment of the EEC Draft Decisions' Impact on Business

EEC decisions are binding for all Union States. At the same time, they are addressed not only to state bodies, but also to business entities. In order to take into account the opinion of the business to the maximum, the EEC has been conducting regulatory impact assessments of draft decisions for four years.

As practice shows, a growing number of business proposals are taken into account in the decisions of the Commission.

RIA procedure

Regulatory impact assessment (RIA) of the EEC draft decisions is an assessment of their impact on the business environment in the Union.

RIA procedure consists of two steps:

- ▶ current assessment which is a public discussion of the draft EEC decision on the Union's website for at least 30 calendar days;
- ▶ final assessment which is the preparation of an opinion on regulatory impact assessment by a specially created EEC RIA working group.

The working group includes representatives of structural subdivisions of the Commission and the business community of EAEU States.



All EEC draft decisions addressed to business entities in the areas of customs regulations, the application of sanitary, veterinary and phytosanitary quarantine measures, technical regulation, regulation of the circulation of medicinal products and medical devices, issue of motor vehicle and self-driven machine certificates of title, ensuring uniformity of measurements, trade policy in terms of establishing rules for determining the origin of goods are subject to the RIA procedure.

Key results of 2018

- ▶ 47 opinions on regulatory impact assessment (RIA) of draft EEC decisions which contain 107 comments and suggestions on improving business environment were prepared.
- ▶ 5 opinions on draft technical regulations of the Union and amendments to them which contain 52 comments and suggestions were prepared.
- ▶ A mandate to conduct a pilot project to assess the actual impact of EEC decisions taken was received from the Eurasian Intergovernmental Council. Thus, the Commission will start to conduct a comprehensive assessment of the impact on business in relation to the entire life cycle of the Union law.



Chairman of the Board Tigran Sargsyan at 2018 St. Petersburg International Economic Forum

- ▶ 52.3% of the comments and suggestions from the business have been taken into account by the EEC at the first stage of the RIA procedure, 90.5% of the comments and suggestions have been taken into account by the EEC working group at the second stage.
- ▶ The share of positive determinations on RIA on draft decisions of the EEC in 2018 compared with 2017 has increased by 1% (from 84% to 85%) indicating the focus of supranational regulation on improving the business environment in the Union.
- ▶ Participants in the public discussion made 821 comments and suggestions for 49 draft decisions of the EEC – an average of 16.75 for each draft.

EEC Business Forums

Eurasian Week

We wanted to create an effectual platform where business executives could not only learn about the most important areas in our integration agenda, but also express their ideas and suggestions, communicate directly with regulators, hold bilateral meetings and establish business contacts.

Veronika Nikishina, Minister in charge of Trade



Eurasian Week is the largest international business forum in the EAEU territory. The forum is aimed to create a favorable business climate in the EAEU and conditions for increasing investment and export potential.

The forum's platform serves to develop a network of direct B2B contacts and attract third-country

companies as potential consumers and investors to create competitive and export-oriented products.

At the forum, business representatives have the opportunity to:

- ▶ learn about the benefits of the EAEU;



Eurasian Week Forum, Yerevan, 2018

- ▶ obtain information about the prospects of the Union;
- ▶ find subcontracting partners;
- ▶ establish industrial cooperation.

The forum includes exhibition and business parts.

Events of business part in the form of seminars, conferences, presentations, round tables affect the most recent and relevant for business issues of integration processes in the EAEU.

The main objective of the exhibition is to stimulate the development of contacts network among businessmen of the Union and to promote the holding of B2B meetings.

In 2018, the forum was held for the third time in Yerevan (Armenia) under the "EAEU is a Space for Business" slogan.

In 2019, the forum will be held in Bishkek (Kyrgyzstan), from September 25 to September 27.



At the Eurasian Week Forum,, a modern paradigm of development of the EAEU was discussed

The forum is becoming the most important place of business activity in the Union. Business participation from 55% of all forum participants in the first Eurasian Week in 2016 increased to an unprecedented 87% in the third Eurasian Week in 2018, the total number of participants increased from 1,500 in 2016 to 3,200 in 2018.

Anti-Counterfeit

The Anti-Counterfeit Forum is a EAEU central discussion platform for problems in the field of protection of intellectual property rights and counteraction of illegal circulation of products. Proposals to improve the effectiveness of anti-counterfeit activities, the

protection of intellectual property rights and the formation of a civilized market for goods and services are developed at the forum.

The event is organized by the Eurasian Economic Commission,

the Government of the Russian Federation and the International Association Anti-Counterfeit.

In 2018, the Sixth International Anti-Counterfeit Forum was held in Moscow. In 2019 it will be held in Yerevan.

Competent discussion by the participants of the Anti-Counterfeit Forum on the issues of observance of intellectual property rights, effective protection from entering of counterfeit and low-quality products to the EAEU market allows to develop specific recommendations. They will later help in the implementation of the strategic priorities of the Union, such as development of innovative production, commercialization of scientific research, promotion of the processes of modernization of national economies and improvement of the quality of life.

Timur Zhaksylykov, Minister in charge of Economy and Financial Policy

EAEU Business Council

There is a permanent coordinating and advisory body for the business community in the EAEU. The Business 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 Council on interaction of the EEC and the EAEU Business Council

The Advisory Council provides for interaction and dialogue between the EEC and the EAEU Business Council. It consists of representatives of business communities, industrial associations, public organizations of the Union States.

In 2018, the third meeting of the

Advisory Council was held, which addressed implementation of a coordinated transport policy in the EAEU, formation of a single food market of the EAEU and development of a mechanism for recognizing the industry-based competence of conformity assessment bodies in order to remove unfair conformity assessment bodies from the market.

Meetings with Business Community

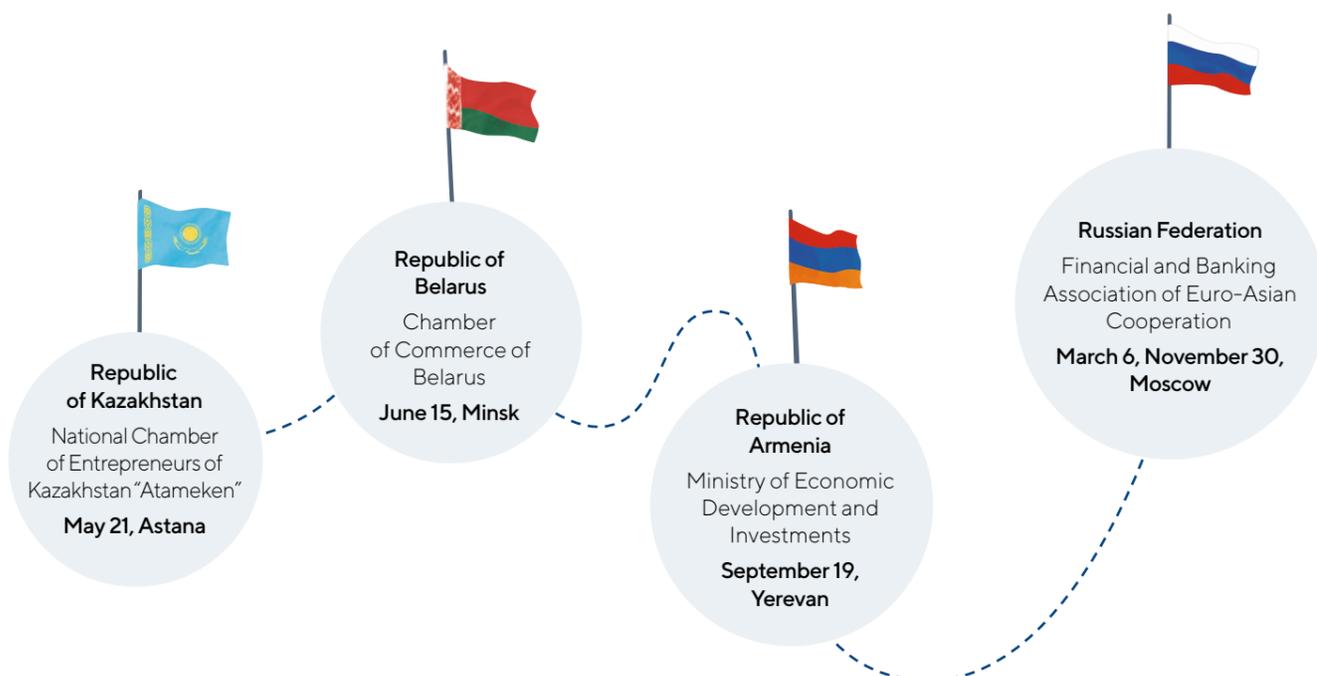
One of the conventional forms of interaction with the business community are regular meetings of the **Business Dialogue**. They are held on a quarterly basis chaired by Veronika Nikishina, Minister in charge of Trade.

There is also an online Business Dialogue forum with more than hundred users registered.

The platform facilitates the expeditious consideration of questions from the business community and provides an opportunity to exchange and discuss proposals and ideas on issues related to the competence of the Commission.

In 2018, the EEC moved to a new format of interaction with business representatives –

retreats in the Union States which allows to promptly get feedback from the business community, learn about problems, hear suggestions. In addition, entrepreneurs have the opportunity to ask questions and get answers to them promptly in an interactive mode. The meetings are chaired by Timur Zhaksylykov, Minister in charge of Economy and Financial Policy.



Interaction with Experts

The EEC is working to develop cooperation with the expert and academic community of the Union States.

INTERACTION FORMATS

INFORMATION EXCHANGE WITH EEC

For regular mutually beneficial information exchange (receiving materials from the Commission, sending your materials for review and informing the EEC), please send an official letter to expert@eeccommission.org with information on topics and formats of information exchange.

DEVELOPMENT OF EDUCATIONAL PROGRAMS, TRAINING COURSES, METHODOLOGICAL MATERIALS ON THE ISSUES OF FUNCTIONING AND DEVELOPMENT OF THE EAEU

The EEC provides guidance on the preparation of educational programs that cover issues of Eurasian economic integration. Relevant requests are accepted by email to info@eeccommission.org.

PARTICIPATION IN RESEARCH ACTIVITIES



Announcements on conducting tenders for research activities are posted on the official website of the Commission in the "Tenders" section.

PARTICIPATION IN THE WORK OF THE SCIENTIFIC AND EXPERT COUNCIL AFFILIATED TO THE CHAIRMAN OF THE EEC BOARD

The Scientific and Expert Council is a discussion platform for discussing on a regular basis trends and challenges in the development of the global economy, effective models and forms of integration, best practices of regional associations in terms of supranational regulation, medium and long-term prospects and restrictions for economic development of the EAEU, which are relevant to the EAEU. Experts included in the expert pool of the Commission are invited to participate in the Scientific and Expert Council meetings.

JOINING THE EEC EXPERT POOL

To join the expert pool of the Commission, a CV indicating the name, position, place of work, academic degree and profile of activity, as well as examples of publications should be sent to expert@eeccommission.org. Experts are invited to participate in events and sessions of various forums.

EEC Project Activities

“The Eurasian Economic Union is moving to a new stage of integration not only through regulatory activities, but also through project activities. The mechanisms for the implementation of projects will allow making this process understandable for all its participants.”

Karine Minasyan, Minister in charge of Internal Markets, Informatization, Information and Communication Technologies

The EAEU recognized it expedient to work out promising integration projects aimed at intensification of integration cooperation, support of business initiatives and ensuring benefits for citizens and businesses from integration processes. It is anticipated that the development of integration initiatives will go in the project format, which provides for the participation

of at least three countries, as well as economic entities of the Union States.

The project of the integrated information system of the Union is currently the largest project (actually a program consisting of more than 90 projects), which has been consistently built up since the creation of the Union.

EAEU Digital Agenda to Help Businesses

In 2016, the EAEU announced the transition of economies to a new technological setup and digital transformation. The digital agenda of the Union opens up prospects for synchronized interaction both within the framework of ongoing projects and for launching new initiatives. In accordance with the task set by the heads of the Union States, the countries will eventually come to a coordinated policy on the digital agenda.

Digital agenda is a circle of issues relevant to the EAEU on digital transformations in the framework of the development of integration, strengthening the common economic space and deepening cooperation of the Union States, as reflected in the Main Directions for Implementing the Digital Agenda until 2025.

Key results of 2018

The EEC together with the Union States carries out modeling of digital transformation processes, develops the first initiatives and launches priority projects. In addition, discussions started on the mechanisms for the development of the digital economy and digital assets, as well as the formation of a conceptual vision of digital ecosystems in the Union.

- ▶ An office of digital initiatives management was formed from experts of the EAEU countries headed by Tigran Sargsyan, the Chairman of the EEC Board. This provided an opportunity to test the model of joint development and implementation of

projects in cooperation with the Commission’s units, primarily with the internal markets, informatization, and information and communication technologies unit.

- ▶ Selection criteria for initiatives were approved.
- ▶ Proposals for mechanisms for the implementation of coordinated policy in the EAEU territory were prepared.



STARTED INITIATIVES

The EEC together with the competent authorities of the Union States and business is constantly developing priority areas for digital transformation, as well as proposed initiatives and projects. Expert platforms for data traffic regulation, development of digital commerce, ecosystem of digital transport corridors, traceability, and industrial cooperation are constantly operating.



New projects

Involvement of stakeholders: business, government authorities, universities, expert community in discussion of the digital transformation agenda in the Union is made through the Commission's participation in major thematic events (TIBO International Information and Communication Technologies Forum, CIPR Conference, Eurasian Week Forum, Digital Forum in Almaty, economic forums and expert platforms).

1 Based on the proposals from business and the survey results, work was carried out to collect materials for the EAEU digital trade development report. It includes information about the global challenges of digital transformation for trade, ways to increase efficiency by immersing processes in the digital space, searching for new channels to enter foreign markets and promoting digitized Eurasian brands and building partnerships with global players.

2 The EEC together with the governments of the Member States and the expert community discussed the mechanism of special treatments – “regulatory sandboxes”. A special legal treatment should create a convenient framework for piloting projects, for developing initiatives and implementing projects. The parties agreed on the need to work out the concept of special treatments that define the temporary regulatory framework for the implementation of pilot projects and the procedure of interaction.

3 Consultations were actively held with the parties on the choice of a model of a transboundary space of trust to ensure information interaction between legal entities and natural persons within the Union.

4 A digital ecosystem model was developed to ensure the recruitment and employment of citizens of the EAEU States. The Digital Initiatives Management Office carried out a preliminary assessment of the initiative, organized working meetings with the initiator, the Ministry of Labor and Social Security of Kazakhstan, and

International competition of innovative projects “Eurasian Digital Platforms”

The competition was first held in the EAEU in 2018. The best projects were selected in all countries of the Five Eurasian countries. Of the 300 innovative projects, 5 best were selected. Winning projects may eventually be involved in the formation of a pool of consortiums and cooperative ties that will allow the formation of a Eurasian ecosystem in most sectors of the economy.

Business representatives, experts and international guests praised the competition and noted the need to hold it annually.

The Digital Future of the EAEU category was won by the Apilog.kz project (Republic of Kazakhstan), a platform for transport logistics and transboundary trade.

Transboundary space of trust is a set of legal, organizational and technical conditions agreed by the EAEU States to ensure trust in the interstate exchange of data and electronic documents between authorized bodies.

the relevant Department of the Commission and formed an expert platform. The EEC has been working on an initiative to create a single digital platform for disclosing information about business entities of the EAEU States and introduce a single standard for disclosing and accessing information necessary for making business decisions and reducing risks.

The Best Technological Solutions for Implementing the Digital Agenda of the EAEU category was won by the Eurasian Factoring Platform project (Republic of Belarus), a platform for the development and financing of mutual trade of the Union States.

The Best Digital Projects of the EAEU category was won by the CML-Bench project (Russian Federation), a platform for

integration of software and computing infrastructure of all participants in the development of digital twins.

The Best Game for Children and Teenagers on the EEU Digital Agenda category was won by the Shadowmatic project (Republic of Armenia) – an imagination stimulating 3D puzzle for iOS, tvOS and Android.

The EEC Sympathies category was won by the Platform 8 project (Kyrgyz Republic), a single digital platform for the exchange of skills in the business environment, migration and social services.



Consortiums are digital projects created by the business of the Union States, where the competences of each player are complementary, and thus a multiplicative effect is created, which allows for a qualitative increase in efficiency and a reduction in the time for transition to a digital lifestyle.

← Awarding of winners of the Eurasian Digital Platforms competition

The EEC is working to explore and discuss the role of digital twins in the economy. Digital twin is a mathematical model of a high level of adequacy, which allows to describe the object's behavior in all situations, at all stages of the life cycle including emergency situations with a high degree of accuracy.

Plans for 2019

- ▶ Completion of work on a mechanism for implementation of first digital initiatives and projects and transition to institutional completion based on the results obtained.
- ▶ Launch of priority projects.
- ▶ Formation of institutions of the digital economy and digital assets, the development of digital ecosystems.
- ▶ Involvement of interested government agencies, business and academia of the Union States in the discussion of the digital agenda, interaction with the EAEU Business Council.
- ▶ Sessions and round tables at flagship events in the Union States, thematic presentations and expert discussions.
- ▶ Preparation of amendments in the regulatory framework determining the procedure for the development and implementation of digital initiatives and projects.

Industrial and Agro-industrial Initiatives

Interstate space program

The first Eurasian cooperation project jointly funded by the EAEU countries was approved by the heads of state of the countries of the Union on December 6, 2018. This is an interstate program in the provision of space and geoinformation services based on national sources of the Earth's remote sensing data (ERS).

The project was made possible by the initiative of Russian, Kazakhstan and Belarusian companies participating in the Eurasian Technology Platform (ETP) "Space and Geoinformation Technologies – Products of Global Competitiveness".

Eurasian Technology Platform (ETP) is a special format of interaction between scientific, industrial and government entities. ETP develops and introduces modern breakthrough and high technologies into production.

In 2019, it is planned to consider initiatives to develop two new interstate programs submitted by Eurasian Agricultural Technological Platform ETP and EurasiaBio ETP.

Project office for AIC

The EEC supports agricultural projects which are promising and beneficial for the Union States. In May 2018, the Project Office was created together with the International Union of Public Associations "International Congress of Industrialists and Entrepreneurs" to attract investments from international financial institutions into projects.

The EEC has held meetings on the selection of projects with integration potential in the field of AIC. Promising proposals will be funded.

IMPLEMENTATION STAGES

1 Combination of existing and future satellite constellations of the Union States. The result is an increase in the coverage of the observed territory, as well as an increase in the characteristics of the frequency of the review and the promptness of transmitting information to the consumers of ERS data.

3 Creation of upcoming joint ERS system of the EAEU States on the basis of medium and high resolution spacecraft. Development and production of spacecraft will be carried out in cooperation of enterprises of the Union States. This approach will allow to increase the share of domestic manufacturers of electronic components up to 70%.

2 Creation of a single information data bank portal based on space imagery materials from the combined satellite resources of the EAEU States. For this, countries will carry out modernization of national ground systems for receiving and processing ERS data. In addition, a single software package for coordination of imaging planning which will significantly improve the quality of geoinformation services will be created.

Eurasian Brands

Jewelry production is one of the areas with the potential for cooperation and promotion of Eurasian goods in foreign markets. Work on the creation of a Eurasian jewelry brand has been launched, and the EEC has already prepared a draft road map which will be approved after working out with representatives of business and government bodies.

Tigran Sargsyan, Chairman of the EEC Board

The EEC is working on the initiative to create Eurasian brands, joint cooperation projects with the participation of enterprises from all Union States. With these brands, the EAEU will be able to enter the markets of third countries.

It is planned to form a Eurasian brand in the lighting industry, a program to create a Eurasian tractor, engine, combined harvester is planned.

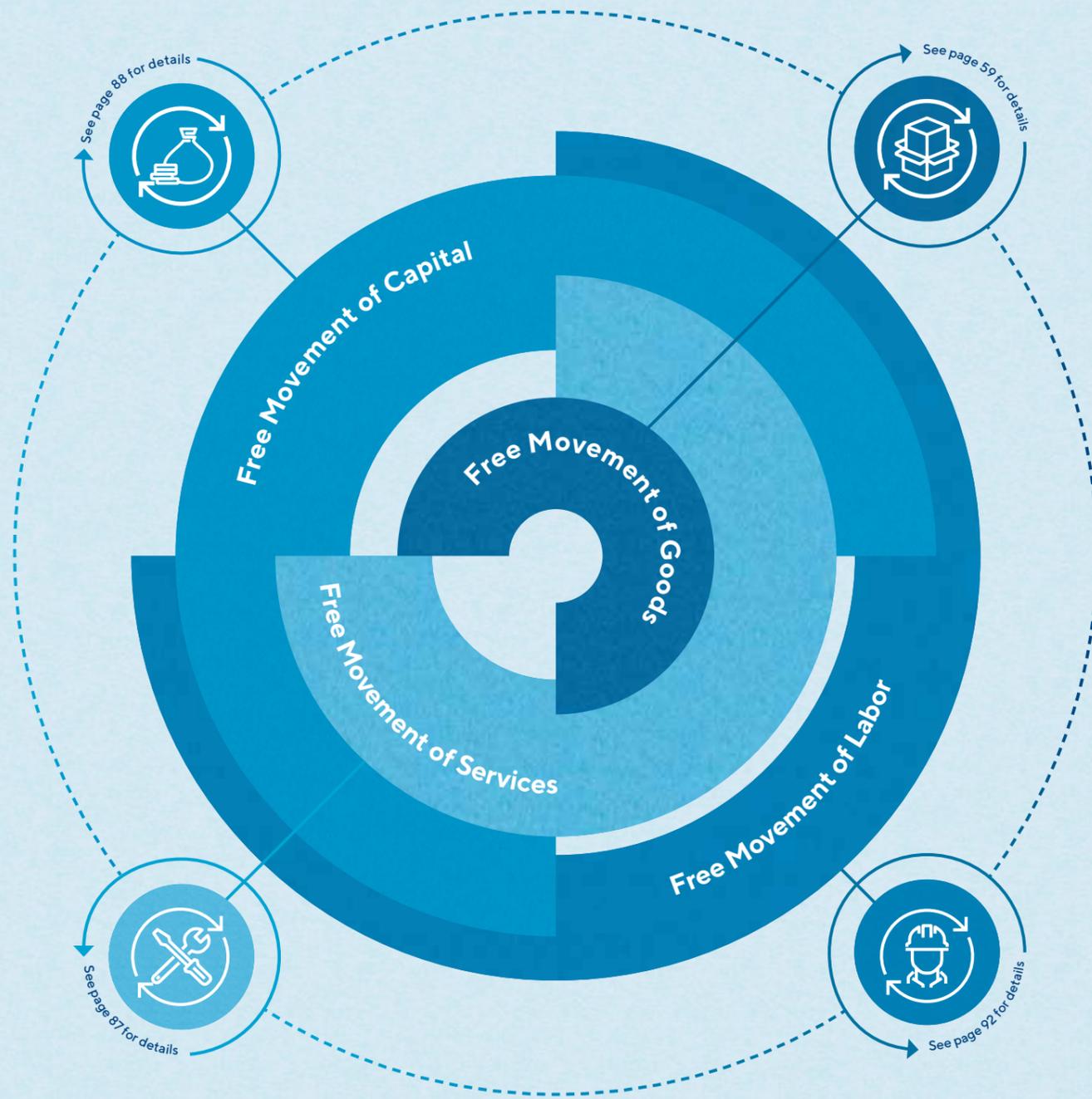


Eurasian jewelry brand

In 2018, the EEC presented the initiative to create a Eurasian export-oriented jewelry brand at the Eurasian Week international forum. The business supported the proposed idea and declared its willing to work it out actively. It is assumed that the cooperation project in the jewelry will be implemented on the principles of public-private partnership through the creation of the Eurasian jewelry bureau which will include representatives of the industry of the EAEU States.

Creating a Eurasian jewelry brand implies uniform quality standards, infrastructure for distribution and a marketing strategy for brand promotion. The project will increase the volume of jewelry exports eight times, to US\$ 1,350 million.

Four Freedoms in the EAEU



Free Movement of Goods

“We received a document that meets the achieved level of integration and, in fact, the Treaty on the EAEU itself. We expect that such customs legislation will not only strengthen the trade relations of the EAEU, but will also attract new investment into the Union.”

Mukai Kadyrkulov, Minister in charge of Customs Cooperation

EAEU Customs Code

Since January 1, 2018, a new Customs Code (CC) is in effect in the EAEU. According to the evaluation by EAEU States business associations, about 70% of the proposals received from the business communities of the Five Eurasian countries were taken into account when preparing the new customs legislation of the Union. The document identified new customs rules for businesses engaged in foreign trade activities in the territory of the Union. Key changes include:

- ▶ completion of customs operations in an automatic mode by the information systems of the customs authorities almost without the participation of an inspector;

- ▶ release of goods into free circulation before the completion of the verification of documents and information;
- ▶ remote release of goods;
- ▶ the possibility of non-submitting of the documents on which basis the customs declaration was completed to the customs authority.

CC EAEU is fully focused on electronic technology. As a result of the implementation of all progressive innovations of the new customs legislation, the system for regulating foreign trade activities in the EAEU at all stages, from submitting preliminary information on goods

planned to be imported into the Union territory to releasing goods into free circulation, should be fully automated. The interaction of the foreign trade operator with the customs authorities will be carried out remotely via the Internet.

In the new Customs Code, all procedures related to the entry of goods into the single Union market are unified. The trade partners of the Union have received access to the 183 million market under the same rules, regardless of which side to enter it. The Five Eurasian countries act on the world stage as a single entity and warrant to its partners clear and transparent foreign trade rules.

When the EAEU switched over to the new customs legislation, the jurisdictions of the national customs services and the Eurasian Economic Commission in terms of customs legal relations were redistributed. A large number of jurisdictions was transferred from the national customs administrations to the EEC.

The increased level of integration in the customs sphere will allow the Union to promptly respond to any economic challenges and to change the legislative base in a timely manner in order to improve the business climate. For example, the Commission received the right to initiate adoption of decisions on the classification of goods in cases of differences in the law enforcement practice of the EAEU countries.

The procedure for making preliminary decisions on the origin of goods was coordinated at the Union level. Prior to the entry into force of the EAEU CC, this procedure was established in accordance with national legislation.

To ensure the full-scale work of the CC in 2018, more than 100 decisions and instructions of the EEC Board and Council were adopted.

In particular, a package of decisions was adopted in order to develop the institute of preliminary informing about the goods intended for import into

the customs territory of the EAEU; package of decisions for the implementation of the innovations of the Authorized Economic Operator institution and others.

The **Authorized Economic Operator (AEO)** institution has been significantly upgraded. Three types of AEOs appeared. There was only one in the Customs Code of the Customs Union earlier. Now foreign trade operators applying for AEO status will be able to choose the most beneficial for them package of simplifications.

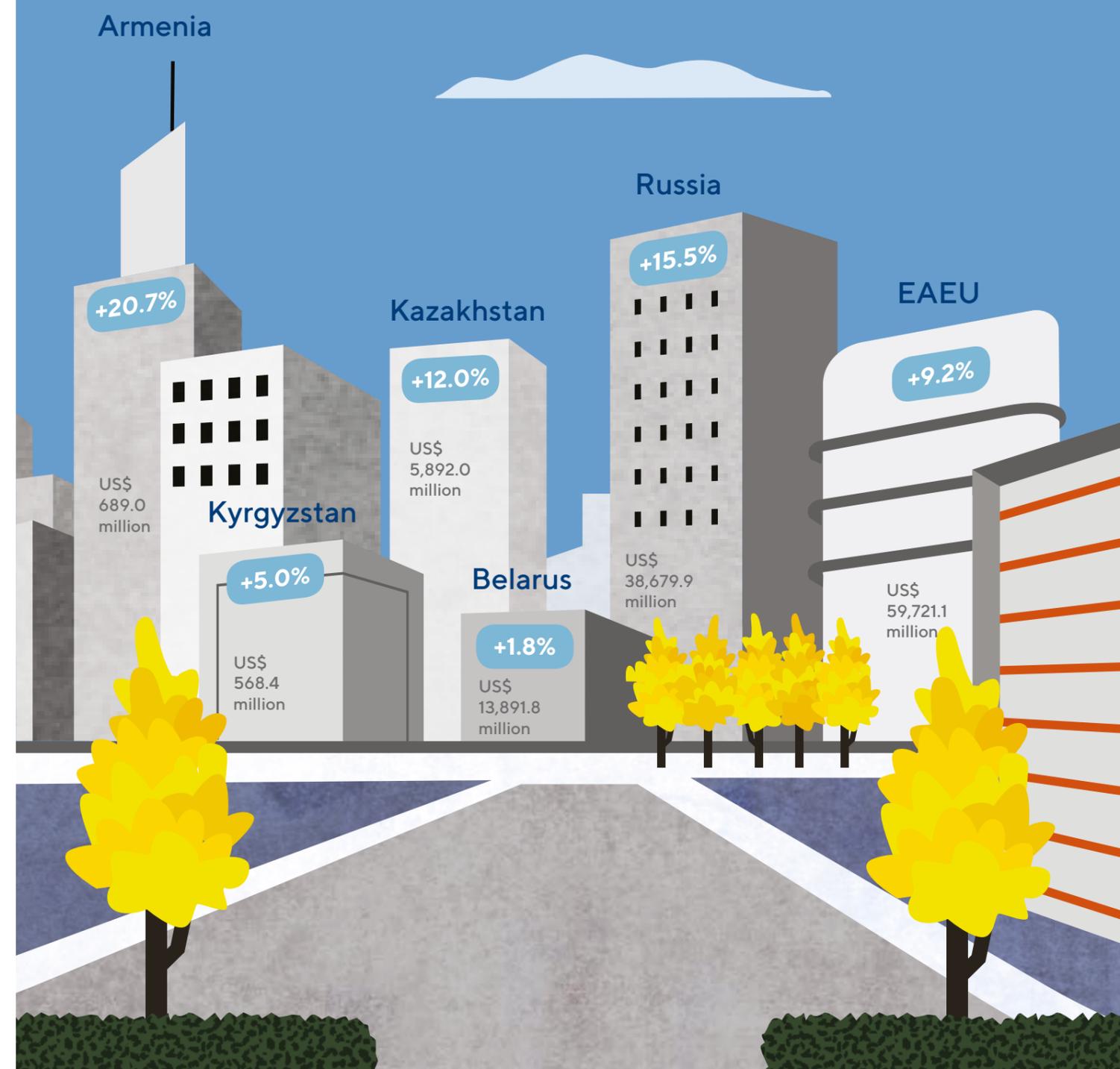
In addition, all foreign trade operators will be able to apply for the AEO status. Previously, the AEO institution was focused on importers.

Our countries mutually recognize each other's AEOs.

The new Code provides **the opportunity to negotiate the mutual recognition of AEOs with third countries and associations.** We consciously pursued it – **the approaches of the CC to the provision of simplifications and the requirements for AEOs are as close as possible to their international counterparts.**

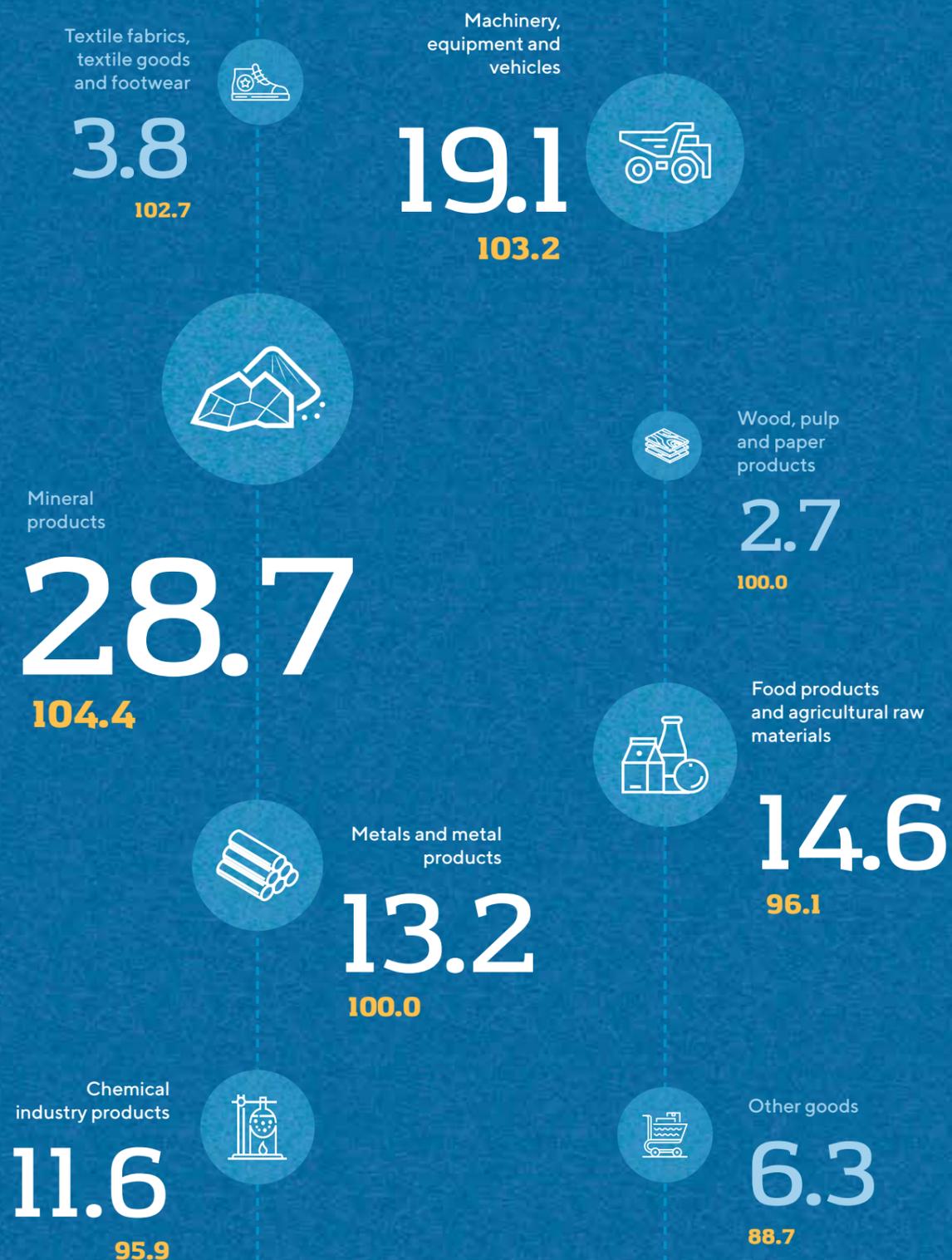
For the future, the EEC is ready to discuss mutual recognition of AEOs in order to facilitate trade with leading trading partners.

Results of Mutual Trade in Goods, % compared to 2017



The structure of mutual trade of the EAEU States by integrated commodity groups in 2018, %

● Compared to 2017, %



Unified Technical Regulation

A unified technical regulation system in the EAEU is necessary to remove technical barriers in mutual trade, protect the domestic market from unsafe products and improve the quality and competitiveness of products manufactured in the EAEU. Preparation of technical regulations is transparent and any entrepreneur can send proposals during their public discussion.

Technical regulation is the legal regulation of relations in the field of establishing, applying and enforcing mandatory requirements to products, processes of production, installation, commissioning, operation, storage, transportation, sale and recycling, to performance of work or provision of services and legal regulation of relations in the field of conformity assessment.



Interstate standards for technical regulations are necessary for the full implementation of the established requirements, ensuring a high technical level of the products manufactured and improving their competitiveness.

Key results of 2018

EAEU technical regulations adopted:

- ▶ for alcohol products;
- ▶ for natural combustible gas prepared for transportation and (or) use.

EAEU technical regulations entered into force:

- ▶ for amusement rides;
- ▶ for playgrounds;
- ▶ for electrical engineering and radio electronics products;
- ▶ for liquefied petroleum gases.

EAEU technical regulations amended:

- ▶ for wheeled vehicles;
- ▶ for food products in part of marking thereof.

Lists of standards approved for the implementation of EAEU technical regulations:

- ▶ for natural gas;
- ▶ for oil;
- ▶ for playgrounds.

Lists of standards updated to meet the requirements of technical regulations:

- ▶ in relation to perfumery products;
- ▶ food additives;
- ▶ special meals;
- ▶ elevators;
- ▶ personal protective equipment;
- ▶ pyrotechnic products;
- ▶ explosives;
- ▶ wheeled vehicles;
- ▶ lubricants and oils.

Programs for interstate standards development

In 2018, the programs were adopted for the technical regulations:

- ▶ for natural gas;
- ▶ for oil;
- ▶ for fertilizers;
- ▶ for playgrounds.

In 2018, changes were made:

- ▶ to the perfumery products program.

EEC Memorandum of Cooperation with American Society for Testing and Materials (ASTM International)/August 10, 2018/Moscow, Russian Federation

The cooperation will allow to harmonize interstate standards with international requirements, exchange information in the field of medical devices, chemical industry, toys safety, energy saving, digital technologies and other areas, improve the quality and competitiveness of products in the EAEU market and help to eliminate trade barriers.

Product conformity assessment

Conformity assessment is a direct or indirect determination of compliance with the requirements to the subject of technical regulation.

Conformity assessment is carried out in the forms of registration, testing, confirmation of conformity, expert evaluation and others.

Mandatory conformity assessment is carried out in the forms of declaration of conformity and certification and is carried out only in cases established by the technical regulations of the Union, and only for compliance with the requirements of technical regulations of the Union.

Forms, schemes and procedures for conformity assessment are established in the technical regulations of the Union on the basis of model conformity assessment schemes approved by the Commission.

To date, 80% of the adopted technical regulations of the Union provide for a product conformity assessment in the form of declaration. In 2018, the new Procedure for Registration, Suspension, Resumption and Termination of Product Declarations of

Conformity with Technical Regulations was approved. It will allow to remove unwarranted restrictions and prohibitions for business entities. In addition, new Model Conformity Assessment Schemes which will have a positive impact on the business were approved.

About 800 accredited certification authorities and 1,900 testing laboratories are included in the Unified Register of the Union, which entitles to issue uniform conformity assessment documents.

Provisions of Model Compliance Assessment Schemes:

- ▶ serial assessment documents cover products manufactured from the date of production of selected samples that have been studied (tested) and measured;
- ▶ certificate and declaration may be replaced and a duplicate certificate may be received without re-testing;
- ▶ in case of re-certification, the results of the previous periodic evaluation may be used;
- ▶ the results of the previous production audit apply to new products;
- ▶ certificate of state registration of products may be issued in an electronic document form.

Improvement of the EAEU Treaty in the field of technical regulation

Amendments to the provisions of the Treaty on the EAEU agreed in 2018:

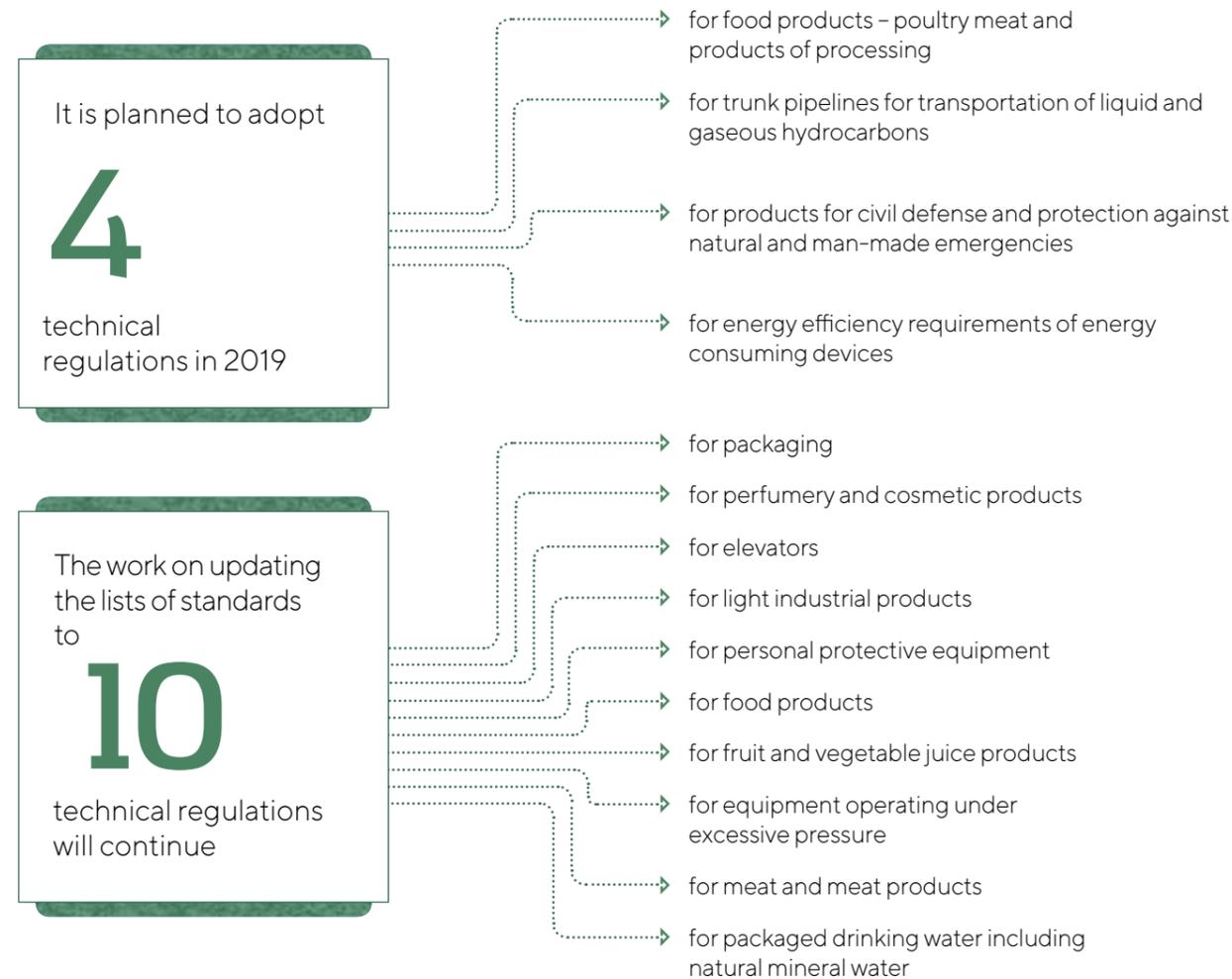
- ▶ authorization of the EEC to coordinate work on planning the development of standards for the implementation of the Union's technical regulations;
- ▶ authorization of the EEC to approve procedures for the conduct mutual comparative assessments and interaction in the exchange of information on decisions regarding appeals and complaints by accreditation bodies;
- ▶ the introduction of the rule which confirms the applicant's right to apply for obtaining documents on the products conformity assessment to any certification body and testing laboratory from those

included in the Unified Register, regardless of the country of the applicant's registration;

- ▶ authorization of the EEC to approve the procedure for registration of declarations of conformity with the technical regulations of the Union;
- ▶ inclusion of the definition of the "seller", clarification of definitions of terms "complaint" and "applicant for accreditation";
- ▶ provision of information exchange on decisions taken on appeals and complaints.

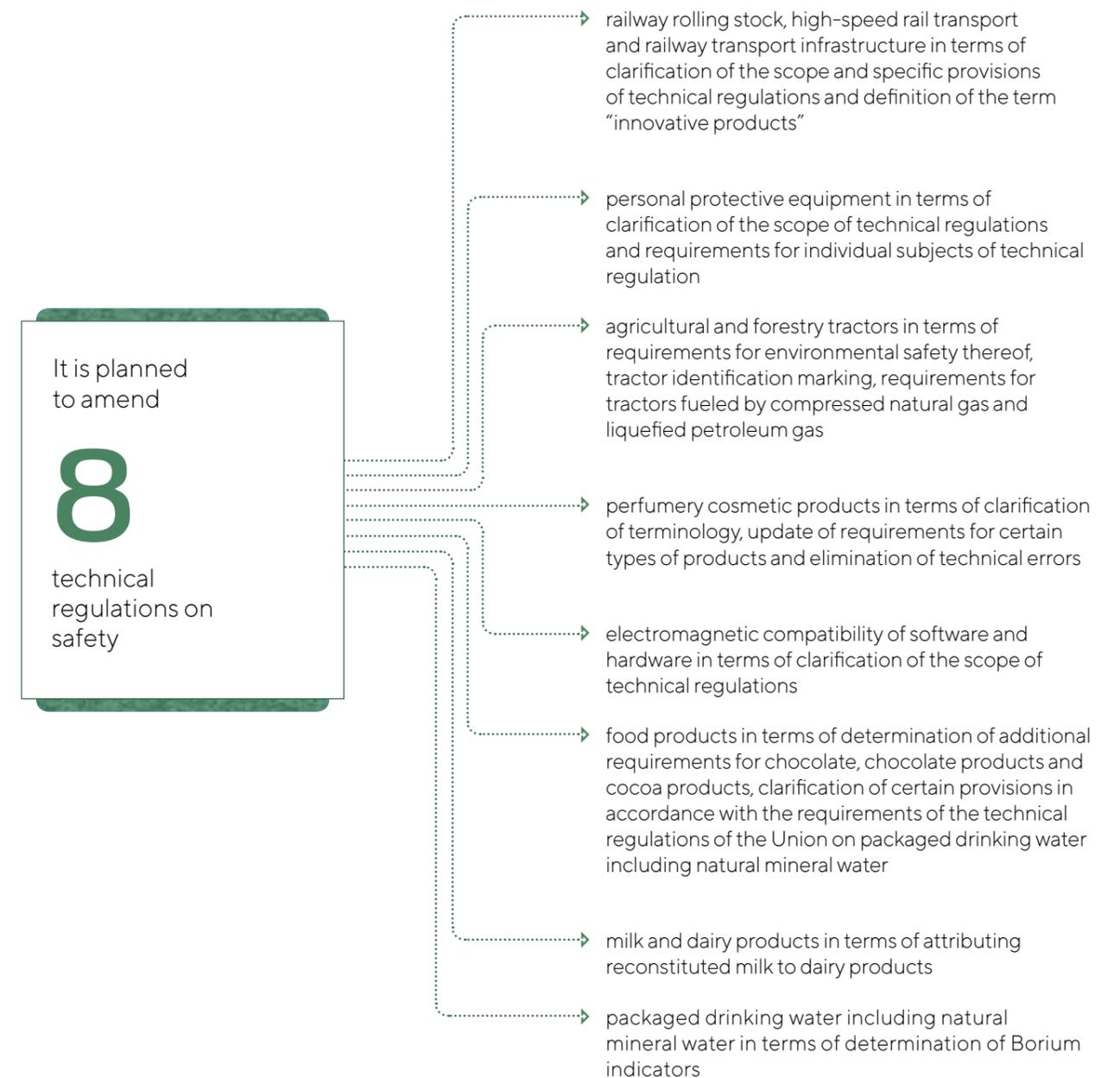
Corrections are included in the amendments to the Union Treaty planned for adoption in 2019 and will be implemented through the development of new acts of the Commission.

Plans for 2019



“Transition to uniform technical regulations and standards allows the Union States to speak the same language, work under the same rules, filling the market daily with a variety of different safe goods.”

Viktor Nazarenko, Minister in charge of Technical Regulation



Stimulation of Industrial Cooperation

Cooperation

Industrial production in the EAEU increased by 3.1%. In most Union States, growth was significantly higher: in Armenia – by 4.3%, in Belarus – by 5.7%, in Kazakhstan – by 4.1%, in Kyrgyzstan – by 5.4%. In Russia, the volume of production in 2018 compared with previous year increased by 2.9%.

The best growth rates are shown by the automotive industry (by 13.7%), production of other goods (by 12.8%), production of paper products (by 12.6%), publishing (by 12.4%), wood processing (by 11.1%), pharmaceuticals (by 8%) and the furniture industry (by 7.5%).

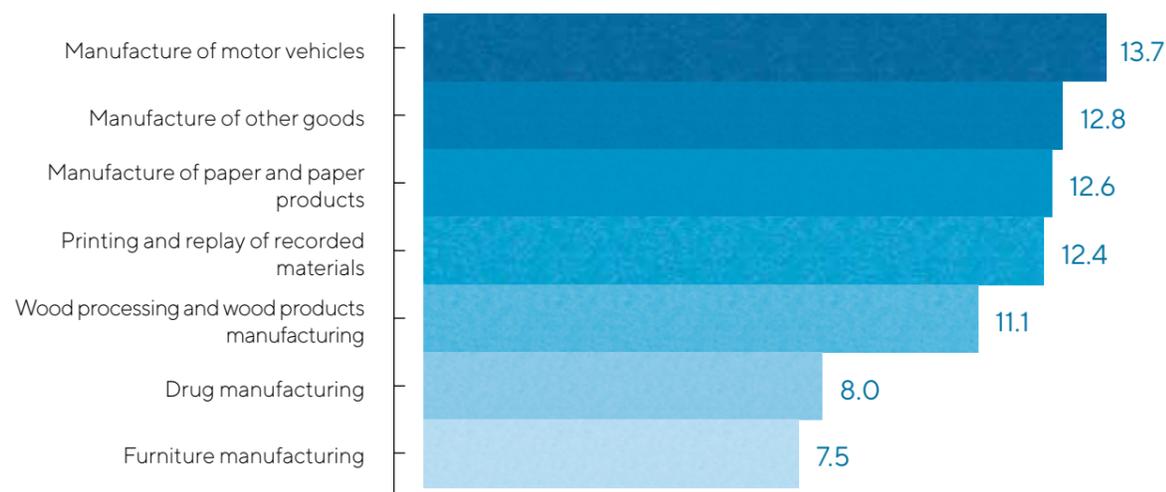
Cooperative supplies between Member States in 2018 increased by 8.8% compared with previous year.

In August, the EAEU has started a pilot project to organize the supply of components to the assembly line of the American company John Deere, the world leader in the field of agricultural engineering.

With the coordination of the Commission and the German Engineering Union (VDMA), new modern production facilities are being created in the territory of the Union. Thus, in Voronezh Oblast (Russia), construction of an agricultural machinery factory of the world-famous French company KUHN was launched.

According to the results of the report prepared by the John Deere experts, more than 50% of Belarusian enterprises may be considered as suppliers of components for the global international company John Deere.

Sectors that showed the best growth rates in production in 2018, % of growth compared to the previous year



Cooperation with the German Engineering Union (VDMA) has started in 2015. In 2017, a Memorandum of Cooperation between the Commission and the VDMA and a road map for its implementation was signed.

In November 2018, heads of governments approved an Action Plan to Ensure the Promotion of Production and Use of Electric Vehicles for 2018–2020.

The Plan provides for two main sets of activities.

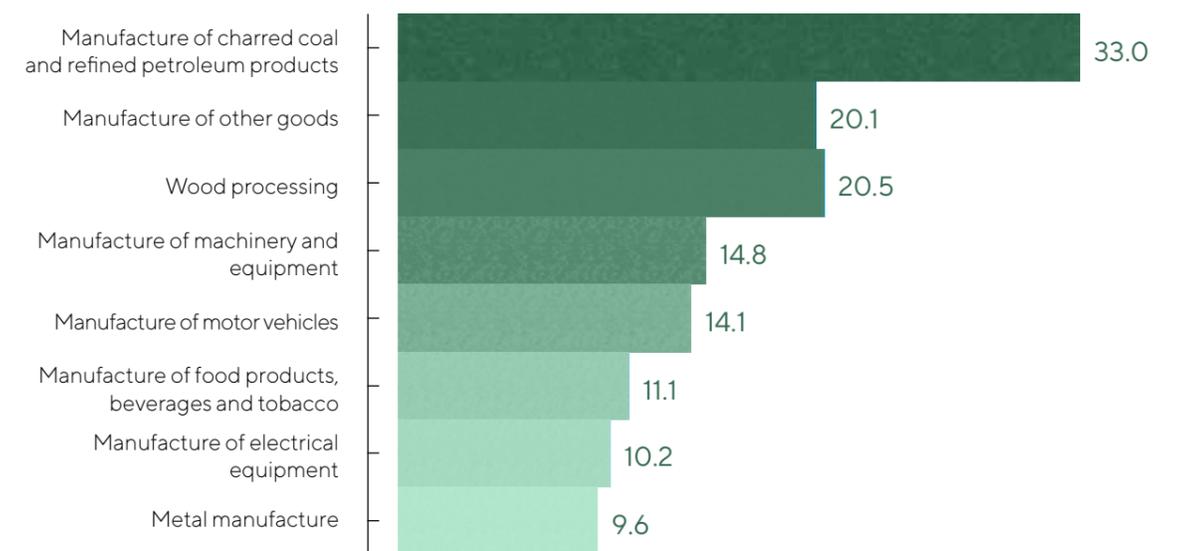
1 Measures for production promotion:

- ▶ interest rates subsidies on loans and the provision of grants for the development and production of motor vehicles with electric engines;
- ▶ reduction of the import customs duty on imported components for the production of electric vehicles;
- ▶ the establishment of preferential taxation for manufacturers of such transport.

2 Measures for the promotion of the use of electric vehicles:

- ▶ cancellation of transport tax and car recycling tax for owners;
- ▶ granting owners the right to use free parking spaces equipped with charging devices;
- ▶ granting the right to free drive on toll roads.

Sectors that showed the best rates of increase of the volume of cooperation supplies between the EAEU countries in 2018, % of growth compared to the previous year



Uniform rules for granting subsidies

“The Commission, pursuing the goal of forming a common Union market without exceptions and restrictions, is working in two directions, the first is the implementation of common procedures, the second is development through digital initiatives.”

Alexander Subbotin, Minister in charge of Industry and Agricultural Sector

In order to ensure fair competition in the EAEU, the Union States agreed to follow uniform rules for the provision of industrial subsidies.

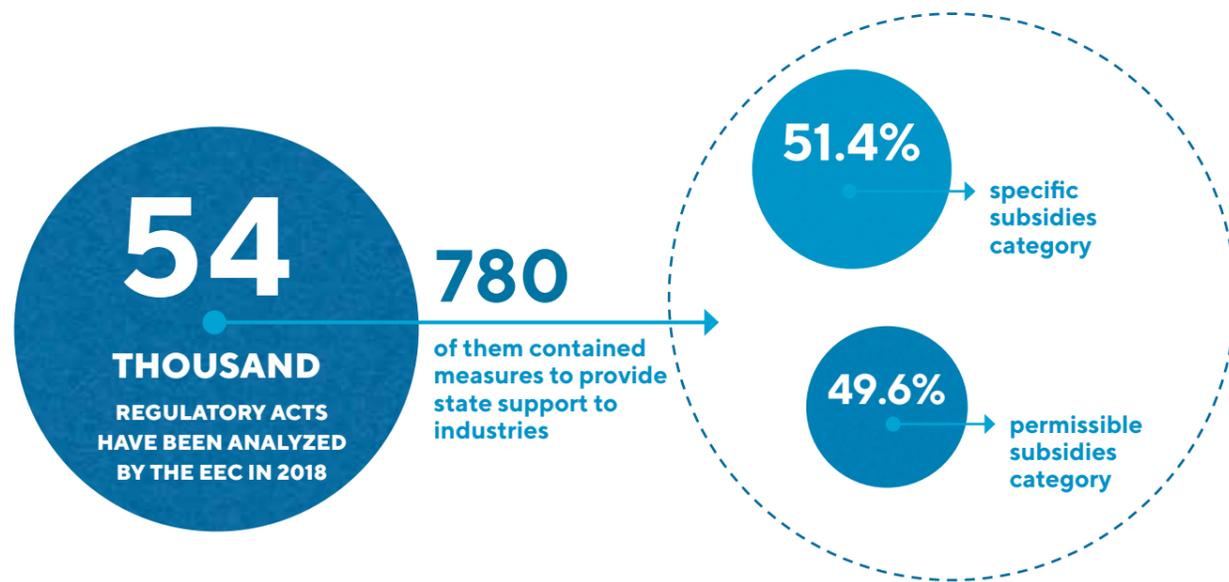
In April 2018, the Agreement on the procedure for voluntary coordination by the EAEU States with the Commission of specific subsidies in relation to industrial goods and conducting of relevant proceedings has entered into force.

The Commission received new powers in the following areas:

- ▶ conducting procedures for the voluntary agreement;

- ▶ conducting proceedings in relation to industrial subsidies;
- ▶ preparation of opinions based on the analysis of documents on the provision of specific subsidies on the basis of appeals;
- ▶ monitoring the implementation of new obligations of the Union States.

Based on the results of the proceedings, the Commission makes decisions binding for the EAEU countries. Thus, if the EEC establishes the presence of damage, the state that provides the subsidy has to eliminate the conditions leading to the damage.



Digitalization of industry

The Concept of digitization of industry of the Union adopted at the end of 2018 will create conditions for the development and formation of the digital industry within the framework of the EAEU.

The most important is a quick search for partners in industrial subcontracting and transfer of advanced technologies. The services created have become a business tool for participation in public and commercial procurement of the EAEU States.

EIIS is:

- ▶ access to new markets throughout the Union;
- ▶ access to relevant, reliable, organized information about the products manufactured in the EAEU;
- ▶ attraction of additional investments from any EAEU country;
- ▶ ability to verify the good faith of potential partners;
- ▶ the possibility of planning and making decisions on process optimization.

In the future, services such as government procurement, certification of products and services, equipment leasing, logistics services, customs services, attracting financial loans and others as and when needed will appear in the framework of the EIIS.

Eurasian Industry Information System (EIIS) is a comprehensive services system which includes:

- ▶ network of industrial cooperation and subcontracting;
- ▶ technology transfer network;
- ▶ service for monitoring and analysis of industrial subsidies;
- ▶ manufacturing industry atlas.

According to expert assessments, in the near future, the share of the digital economy in global GDP will be 15%. Now the leading Western countries and countries of the Asia-Pacific region already have a share of the digital economy of 5-10%. In the EAEU, it is only 2%.

Domestic Market Protection

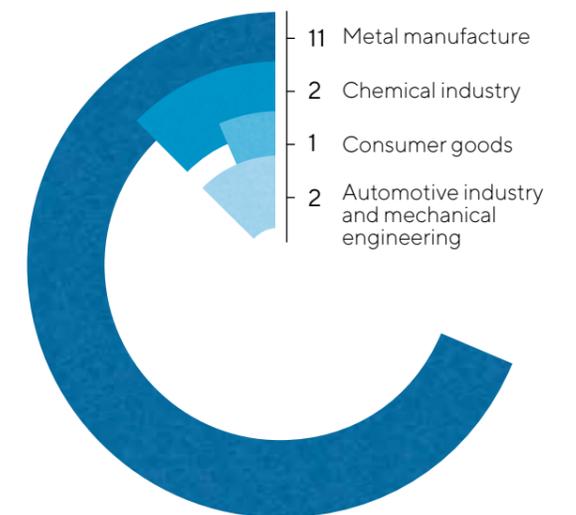
Triad of protective measures

Unfair competition and increased imports of goods from third countries adversely affect the internal market of the Union. To protect it, the EEC uses the so-called triad of protective measures: special protective, anti-dumping and countervailing measures.

In 2018, following investigations, the Union applied 16 anti-dumping measures:

- ▶ 11 measures apply to the metallurgical segment and affect the import of various pipes from China, Malaysia and Ukraine; rolled steel with a polymer coating from China; graphite electrodes from India; cast rolls, steel solid-rolled wheels, bars, ferrosilicon manganese, hot-rolled steel angle steel from Ukraine;
- ▶ two anti-dumping measures apply to the import of goods related to the automotive industry and mechanical engineering – crawler bulldozers and rolling bearings from China;

Anti-dumping measures in force at year-end of 2018 by economic sector



- ▶ two measures are aimed at import of chemical products – citric acid and truck tires imported from China;
- ▶ one measure applies to the import of consumer goods – corrosion-resistant steel kitchen appliances and tableware imported from China.

Four more anti-dumping investigations have been started regarding:

- ▶ corrosion-resistant steel hot-worked seamless pipes from China;
- ▶ alloy wheels from China;
- ▶ fiber optics from USA and Japan;
- ▶ galvanized rolled steel from China and Ukraine.

And one special protective investigation in respect of certain types of rolled steel imported from all supplier countries to the Union.

Digital marking

Both government and business initiate the introduction of marking. We are running a pilot project between Russia and Kazakhstan on the marking of tobacco products, where namely the tobacco business initiated its use in the industry, since they perceived the benefits of marking for themselves.

Veronika Nikishina, Minister in charge of Trade

In 2016, a pilot project for marking fur products was launched. The introduction of marking contributed to the whitening of the market: as of the end of 2018, the legal turnover of goods increased by 8 times.

Following the evaluation of the pilot project, on February 2, 2018 in Almaty, the Heads of Governments of the Union States signed an Agreement on marking of goods with means of identification in the EAEU.

The main objective of the agreement is to unify the process of marking goods with machine-readable and mutually readable signs throughout the Union.

Digital marking of goods is the application of means of identification to a product and the entry of information about both the product itself and the means of identification applied to the product in the marking information system.

The norms laid down in the document will allow to strengthen control over the circulation of goods in the EAEU, thereby minimizing the “grey” turnover. Consumers receive a guarantee that the purchased goods are legal.

In general, the introduction of a marking system can facilitate the digitalization of commodity flows and the development of a traceability system.

Intellectual Property

According to statistics from the customs services of the Union States, for period from 2016 to 2017, more than 50 million units of counterfeit goods were identified. At the end of 2018, this figure will significantly increase (Russian Federal Customs Service alone revealed 16.2 million units of counterfeit goods in 2018, preventing damage to rights holders in amount exceeding US\$ 100 million, which is 50% higher than in 2017).

Timur Zhaksylykov, Minister in charge of Economy and Financial Policy

Key results of 2018

- ▶ The Regulations for maintaining a common customs registry of objects of intellectual property of the EAEU States were approved.

The Regulation addresses the procedure for drawing up and filing by the right holders of an application for the inclusion of intellectual property in the common customs registry, as well as the timing and procedure for the consideration by the EEC of these applications, the inclusion and exclusion of objects from the common customs registry.

The registration procedure will be carried out using the personal account service on the official website of the Union, and, after the establishment of a transboundary space of trust, fully electronically. Protection of intellectual property rights by customs authorities around the

perimeter of the Union’s border will allow entrepreneurs to more quickly introduce goods and services in circulation without additional risks and increase the efficiency of combating the distribution of counterfeit products in the EAEU territory.

- ▶ Rules being the basis for the implementation of technological design and planning of works on organizational and technical support of the common customs registry have been adopted.
- ▶ Work on the issue of the legalization of parallel imports in relation to certain types of goods continues.

The introduction of parallel imports, that is, the import of goods by independent importers without the permission of the rights holder, is expected in relation to certain types of goods that are not available in the internal market of the Union, are in insufficient quantities, inferior in quality to similar products sold in third countries, or sold at an overvalued price.

The Customs Register of Objects of Intellectual Property is a database of objects of intellectual property designed for the implementation of customs control over the observance of the rights of rights holders.

In 2019, the EEC will work to bring together the positions of the EAEU States on this issue.

- ▶ The Agreement on trademarks, service marks and appellations of origin of the EAEU goods has been prepared for signing. The implementation of the

Agreement will provide the unified legal protection of trademarks and appellations of origin of goods throughout the EAEU. Applicants will be able to register these objects, recognized by all states, which will positively affect their business activities.

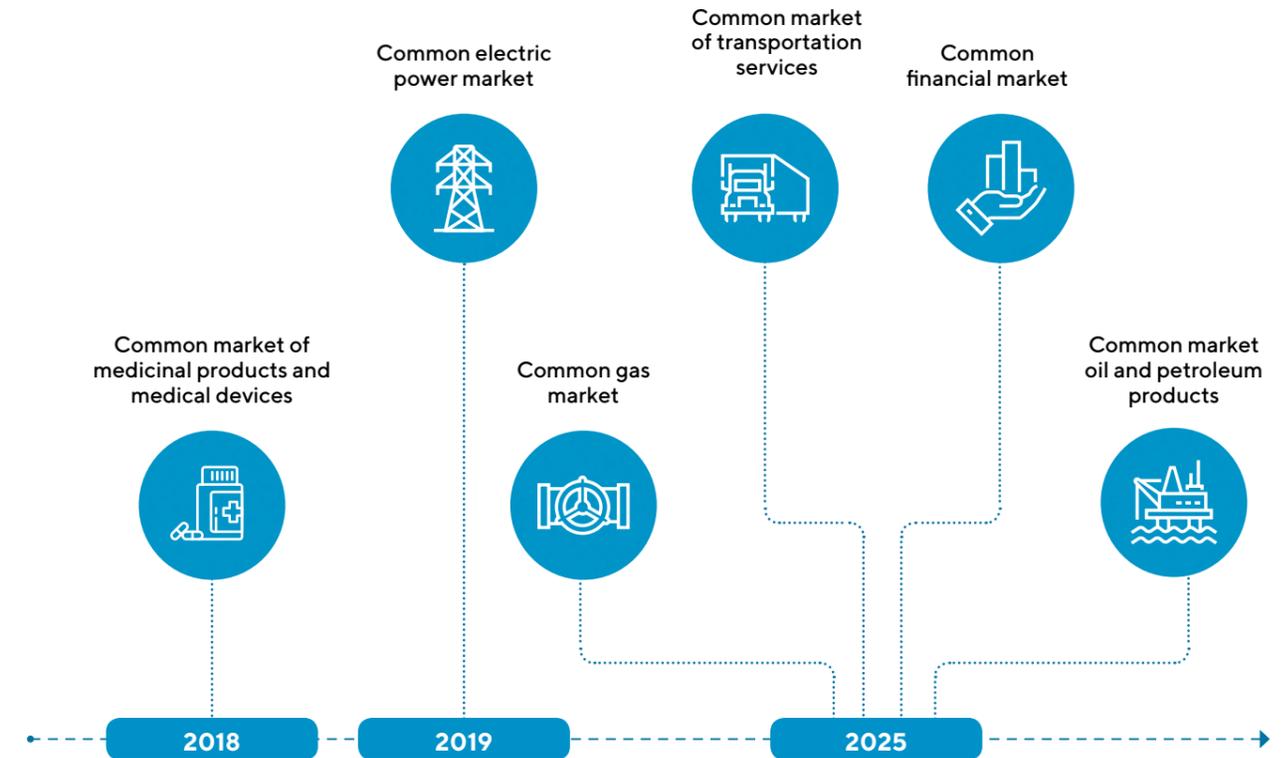
Appellation of origin of goods of the Union is a designation representing or containing the name of a country, urban or rural settlement, locality or other geographical object, or a designation derived from such a name and became known as a result of use thereof in relation to a product, which special properties are exclusively or substantially determined by the natural conditions and (or) human factors typical to this geographical object, which is protected simultaneously in the territory of all states.

The trademark of the Union is a designation used for the individualization of goods, works and services, protected simultaneously in the territories of all EAEU States.

Memorandum of Understanding between the World Intellectual Property Organization (WIPO) and the Eurasian Economic Commission/agreed in Fall 2018

Cooperation of organizations will improve the accumulated experience and explore current trends in the field of intellectual property.

EAEU Common Markets



Common Markets of Energy Resources

The EEC is actively working to create common markets of the energy resources of the Union. Their creation will make energy resources more accessible for economic entities and population and therefore will have a positive impact on the economy as a whole. Existing barriers in mutual trade will be eliminated and the development of a competitive environment will be ensured. In addition, the reliability of energy supply will significantly increase and the dependence of energy prices on the domestic market on fluctuations in global prices will decrease. All of these factors will have a significant impact on ensuring stability during the period of fluctuations of global markets.

Creation of conditions for the free movement of electric power, gas, oil and petroleum products in the territories of the Member States and formation of affordable and transparent energy prices on common markets provide additional opportunities for the development of small and medium enterprises, which are the driving force of the economy.

Common markets will boost the development of national economies and the social sector, since they will contribute to the growth of the population's wellbeing and the increase in state budget revenues.

The programs for the formation of common markets for gas, oil and petroleum products of the Union were approved by the heads of state at a meeting of the Supreme Eurasian Economic Council on December 6, 2018. The programs provide for measures aimed at promoting competition, ensuring non-discriminatory access to gas transportation systems and transition to market pricing.

When forming common markets for the Union's energy resources, special attention is paid to creation of a competitive environment being one of the main factors for establishing favorable conditions for economic activities of companies of the EAEU States, including:

- ▶ development of exchange trading;
- ▶ ensuring equal access to energy resource transportation systems;
- ▶ active inclusion of business structures in the process of demonopolization of markets.

From January 1, 2022, a technical regulation establishing safety requirements for natural gas will enter into force. Formation of common markets for gas, oil and petroleum products of the EAEU also implies unification of metrological requirements for measurement of the quantity and quality parameters of gas, oil and petroleum products. The EEC's objective in the area of harmonization of standards for the required accuracy of measurements is to ensure equal, non-discriminatory and transparent conditions for participants in common gas, oil and petroleum products markets and to create a uniform system of legal regulation of emerging disputes on commodity metering operations between suppliers and consumers.

Development of indicative balances in the interests of business

The EEC annually develops indicative (forecast) balances of gas, oil and petroleum products of the Union. Balances form a unified system of indicators characterizing extraction, production, consumption, imports, exports and supplies, which are required to analyze and make decisions on meeting the needs of national economies for energy resources and optimization of interstate energy supplies.

The development of balances and publication thereof in the Internet provides transparency of indicators for the business structures of the Union States, which contributes to the expansion of their economic ties and the stabilization of prices for energy resources.

In 2018, indicative balances for the years 2017–2021 were formed.

Energy exchange trading

By instruction of the Eurasian Intergovernmental Council, the states assessed the cost of modernization of the existing electronic systems for energy trading.

The parties decided to use the existing trading platforms of Kazakhstan and Russia, defined the estimated cost of their modernization, and also agreed that it will be implemented at the expense of the trading platforms.

The main source of price information on commodity markets is stock exchange trading which ensures

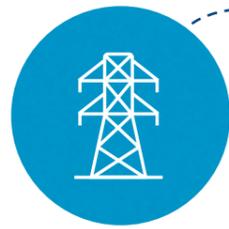
the standard nature and impersonality of transactions, transparency of bidding information and its prompt placement. Mechanisms of exchange trading and registration of over-the-counter transactions allow to identify the economically feasible level of prices in common markets.

In addition, the mechanisms of exchange trading allow to expand the possibilities of selling energy for efficient generation and purchase of energy by wholesale consumers at the most favorable prices.

The action plan for cooperation in the field of energy saving and energy efficiency for 2019–2021 between the Eurasian Economic Commission and the National Energy Saving and Energy Efficiency Union has been agreed and signed.

Memorandum of Cooperation between the Eurasian Economic Commission and the Energy Council of the Commonwealth of Independent States/November 2, 2018/Astana, Kazakhstan

The memorandum purports the deepening of cooperation between the EEC and the Energy Council of the CIS in the field of energy saving, energy efficiency and the development of renewable energy sources.



Common Electric Power Market

The Treaty on the EAEU provides for the entry into force of the international treaty on the formation of a common energy market (CEM) of the Union no later than on July 1, 2019. During 2015–2016, the Concept and the Program for the Formation of the CEM of the Union were developed and approved.

Key results of 2018

- ▶ The draft of an international treaty prepared in the form of the Protocol on Amendments to the Treaty on the Union (in terms of the formation of the CEM of the Union) has passed procedures of internal coordination.
- ▶ Draft rules for the functioning of the CEM of the Union have

been developed and are at the expert approval stage. They include:

- rules for determination and allocation of capacity of interstate power transmission lines;
- rules of mutual trade in electric power;
- rules of access to services of natural monopolies in the electric power sphere;
- rules of information exchange on the CEM of the Union;
- regulations on the development of interstate electrical grids.

- ▶ The Council of the Commission received a report on the implementation of the Program for the Formation of the CEM of the Union in 2017.
- ▶ The work on amendments to the Treaty on the Union in connection with the accession of Armenia and Kyrgyzstan is being completed. The protocols have passed internal legal procedures required for their signing by the heads of state. The entry into force of these documents will enable Armenia and Kyrgyzstan to freely implement interstate transmission of electric power through the electric power systems of the rest Union States.

In 2017, the Eurasian Intergovernmental Council adopted an instruction that relates to information exchange within the framework of the CEM of the Union. The exchange will improve the awareness of manufacturers and consumers about the prices for energy, its production, consumption and the possibilities of its transmission, which will favorably affect the creation of an efficient, liquid and competitive electric power market.

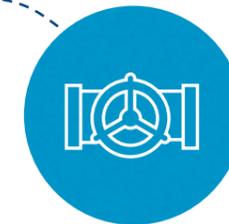
Information on prices for energy provided to businesses on a regular basis will reduce production costs by choosing cheaper energy resources. In this case, generating companies will have an incentive to invest in energy efficiency.

The EEC monitors the implementation of the Treaty on the EAEU in the field of energy. Monitoring allows to track changes in the legislation of states, adopted programs and development strategies in the energy sector, measures to ensure unhindered access to the

services of natural monopolies in the energy sector, etc. Summary on the results of 2017 was reviewed at meetings of the Board and the Council of the Commission in 2018.

Work is also underway to improve the Treaty on the Union, aimed at

expanding cooperation between states in ensuring energy security, energy saving and energy efficiency, increasing the share of renewable energy sources in the energy balance and improving the environmental situation, as well as using atomic energy for peaceful purposes.



Common Gas Market

Establishment of a common gas market of the Union is an integral part of economic integration within the Union and is aimed at ensuring favorable conditions for the free movement of goods, services, technologies and capital between the Member States.

Concept of forming a common gas market of the Eurasian Economic Union

Creation of the EAEU common gas market provides for mutual gas trade between its participants and transportation of gas owned by the common market participants and intended for supply to consumers.

An action plan for the establishment of a common gas market of the Union involves the development of an international treaty and other acts regulating the common gas market of the Union.

Draft documents developed and sent to the authorized authorities of the Union States for consideration:

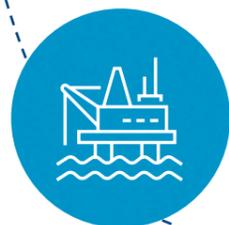
- ▶ international treaty on establishment of a common gas market of the Union;
- ▶ uniform rules for access to gas transmission systems located in the territories of the EAEU States;
- ▶ procedure of information exchange in the common gas market of the Union.

In addition, from 2020 to 2023, it is necessary to develop and adopt:

- ▶ rules for the gas trade in the common market;
- ▶ the procedure for the gas stock trading;
- ▶ a protocol on the fulfillment by countries of conditions for ensuring access to gas transportation systems;
- ▶ documents regulating communication within the information exchange system.

“We have only one disagreement left, it relates to the determination of price of gas transit. The parties have different approaches. One approach is that the price of transit should be common to all countries and should not be higher than the prices that are used in Russia. The second approach is that we bring to the supranational level the methodology for determination of the price of transit. And finally, the third position is that national governments have, in accordance with the agreement on the EAEU, the authority to determine the price of transit within their country. Transit between countries is determined by international agreements. Since there are different approaches, we need to find a consensus.”

Tigran Sargsyan, Chairman of the EEC Board



Common Markets of Oil and Petroleum Products

Establishment of common oil and petroleum products markets of the Union is required to ensure the sustainable development of economies of the states, energy and environmental security, increase of the economic efficiency of economic entities and increase of the level of economic integration and competitiveness of states and the Union as a whole in the world market.

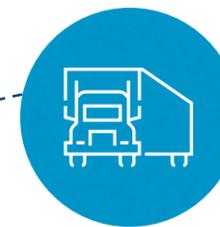
Draft documents prepared by the EEC and sent to the

authorized bodies of the states for consideration:

- ▶ international treaty on establishment of common oil and petroleum products markets of the Union;
- ▶ procedure of information exchange in the common oil and petroleum products markets of the Union.

In addition, from 2021 to 2024, it is necessary to develop and adopt:

- ▶ uniform rules of access to oil and petroleum products transportation systems;
- ▶ rules for trade in oil and petroleum products in the common oil and petroleum products markets of the Union;
- ▶ rules for stock trading in oil and petroleum products;
- ▶ documents regulating communication within the information exchange system.



Common Market of Transportation Services

“Digital technologies are becoming an integral part of the transportation process. The transition to the use of paperless technologies in the organization and provision of international passenger and cargo transportation will become a guarantee of the quality and safety of transport services provided by economic entities of our countries, will reduce control procedures and optimize the logistics structure.”

Emil Kaikiev, Minister in charge of Energy and Infrastructure

The common transport space in the EAEU will be created by 2025, the common market of transportation services will start working at the same time. Strategic documents governing transport activities have already been adopted in the Union. In 2018, the EEC priority was the implementation of the main directions of coordinated transport policy.

Key results of 2018

- ▶ By the decision of the heads of state of the Union, the Council of Heads of Authorized Bodies in the Field of Transport was established, which is involved in the preparation of documents in the transport sector. Working groups were created to develop proposals and recommendations at all stages of the implementation of transport policy.
- ▶ The implementation of road maps on the realization of the main directions of the transport policy which include the development of 4 international treaties and more than 40 EEC acts has started.
- ▶ The implementation of the road map on the harmonization of the legislation of the EAEU States in the sphere of natural monopolies continued.

The list of joint projects of the EAEU States in the field of transport and infrastructure includes 35 projects with a total value exceeding US\$ 30 billion. In general, they are aimed at establishing the end-to-end logistics on Southeast Asia – Eurasian Union – European Union and related routes. The partners of the EAEU States in this work are the Eurasian Development Bank and the Eurasian Fund for Stabilization and Development.



Road transport

- ▶ Recommendations to the roads, which are planned to be included in the list of Eurasian transport corridors were adopted, and priority directions for ensuring the freedom of transit of goods by road were identified.
- ▶ Common approaches to resolution of disputes arising on the external border of the EAEU with third-country carriers, to return of vehicles in case of violations of rules of international road transportation in the territory of the Union were developed.
- ▶ Analysis of the legislation of the Union States governing the training of drivers and specialists responsible for the organization of international road transportation was carried out.



Water transport

The preparation and approval of the Shipping Treaty, which gives the right to bilateral transportation of goods, passengers and their baggage between the EAEU countries and to transit through inland waterways, has been completed. The document will allow to move from the permissive system of access to the inland waterways of the Union States to a notification format. Vessel documents, qualification documents of the captain and members of crews of vessels will also be mutually recognized.



Air transport

- ▶ Common approaches for flight safety and aviation security, for removal of obstacles and limiting factors affecting the development of competition in the air transportation market were developed.
- ▶ An assessment of the aircraft fleet of the airlines of the Union States for compliance with the requirements of the International Civil Aviation Organization on noise was carried out. Monitoring of airport (airfield) equipment, navigation systems, national aviation security systems was provided. The format and procedure of cooperation of the authorized bodies in the framework of the implementation of bilateral agreements on air service were analyzed.
- ▶ States were provided with assistance in the negotiation process for the preparation of a draft international treaty on creation and operation of air accident investigation bureau. The document was signed by the Republic of Armenia and the Russian Federation in December 2018.



Rail transport

The preparation of a draft international treaty on the exchange of information on goods and vehicles for international transportation with third countries has started. The document is aimed at simplifying the procedure for crossing the border and reducing the downtime under control operations of transported goods and vehicles at railway transport checkpoints.

Eurasian Railway Alliance

United Transport and Logistics Company – Eurasian Railway Alliance (UTLC ERA) – became the first Eurasian pilot project for the implementation of container service on the route from the western borders of the PRC to the border with Poland.

UTLC ERA services include transportation, payment for the transportation of goods in the territories of Belarus, Kazakhstan and Russia, information support, security escort and protection of goods, handling operations with

containers at terminals, transit customs clearance of goods, joint use of rolling stock and uniform pricing policies, uniform standards and technologies of transport and logistics services.

Since the launch of the project in 2016, the volume of transit traffic has increased more than 2.5 times (from 101,000 TEU in 2016 to about 275,000 TEU in 2018). In 2019, it is planned to transport about 350,000 TEU.

According to expert assessment, by 2025, the flow of containers with export-oriented goods from the western borders of China through the Union States to Europe will reach 1 million TEU.

We implement global international processes of digitization and informatization of transport activities in the national transport systems of the Union States. In the EAEU, in an integrated format, this reflected in the pilot project on creation of an ecosystem of transport corridors including roads and railway infrastructure and service facilities.

Emil Kaikiev, Minister in charge of Energy and Infrastructure



Common Markets of Medicinal Products and Medical Devices

Common markets started operating in 2018. By 2025, the rules for the production and registration of pharmaceuticals and medical products in the Union must be fully unified. Due to this, administrative costs for manufacturers will be reduced, and patients will receive better medicinal products and medical devices at affordable prices.

At the end of 2018, a unified information system, which united national regulatory systems for the approval of medicinal products and medical devices to use, supervision of their safety and quality of medicines, was created and tested. The unified information system is, in fact, the “central nervous system” of the Union’s pharmaceutical market. The Commission has prepared technology documents

that reflect the key processes of the common medicines market and contain registers and information databases of the EAEU, such as registers of authorized medicines, medical products, pharmaceutical inspectors and authorized persons of medicines manufacturers, a database of medicines that do not meet the quality requirements, and also fake and counterfeit medicines. In 2019, a unified information system will start to operate in full format.

The transition to the common pharmaceutical market of the EAEU will be made on a phased basis, this will help entrepreneurs to better adjust to new conditions. Until December 31, 2020, the manufacturer has the right to choose national or all-union rules for the registration of the medicine. However, products that will be registered in accordance with national standards, must be brought into compliance with all-union rules until December 31, 2025.

First results of the common market

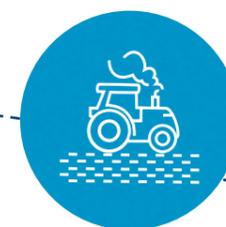
- ▶ 15 applications for registration of pharmaceuticals according to the uniform union rules were filed in the EAEU countries (November 2018).
- ▶ GMP certificate No. 1 was issued in Belarus based on the results of the first inspection (November 2018).
- ▶ Registration certificate number OOOOOOO1-Pr-KZ for the pharmaceutical was issued in Kazakhstan (December 2018).

Pharmacopoeia of the Union is a set of requirements for the quality of pharmaceuticals. In 2018, 240 articles to be included in the first issue of the first volume of the Pharmacopoeia of the Union were developed. Its requirements are harmonized with the requirements of the European Pharmacopoeia and allow to reduce the amount of research of pharmaceuticals for domestic manufacturers when exporting outside the Union.

GMP (Good Manufacturing Practice) – EAEU rules for good manufacturing practice.

Key results of 2018

- ▶ The EEC has adopted an accelerated procedure for amending the registration dossier of seasonal influenza vaccines. This will allow manufacturers to promptly bring the vaccine to the market for the next epidemic season.
- ▶ Criteria for classification of products with a borderline classification as medical products have been adopted. Now manufacturers will know whether the products must be registered as medical products.
- ▶ The requirement to pre-register packaging materials and packaging of medicines as medical products has been waived. This will reduce manufacturers' costs associated with registration of pharmaceuticals.
- ▶ A list of standards used in the manufacture of pharmaceuticals and in the assessment of production process for compliance with GMP has been formed.
- ▶ Manufacturers received an opportunity to submit national GMP certificates prior to the end of the transition period, December 31, 2020, within the framework of filing registration dossiers on unified registration procedures.



Common Agricultural Market

In 2018, in order to balance the common agricultural market of the EAEU, 2 recommendations on the development of cooperation between the EAEU States were adopted:

- ▶ in the field of production of oilseeds and fat-and-oil products;
- ▶ in the field of production of poultry meat and its processed products.

This product is included in the list of sensitive products. The implementation of recommendations will allow to build an effective interaction between the governments and business.

Such joint actions allow states to take into account the capabilities of partners when conducting their own agricultural policies.

With the support of the EEC, states will conduct joint sectoral research, develop innovative formulations of fat-and-oil products and exchange experience in the field of achievements of molecular biology and genetics.

For the poultry market, such development measures as the creation of genetic selection centers for poultry breeding, attraction of direct investment from the EAEU States and implementation of joint projects for the development of poultry breeding, fodder and fodder additives production are envisaged.

In order to create equal conditions for business, the Commission unifies requirements in the sphere of production and circulation of products.

In 2018, the EEC adopted a number of documents in the field of seed production. For example, a list of common methods for determining the sowing (planting) quality of seeds of agricultural plants used by the EAEU States in the circulation of seeds in the territory of the Union.

What are sensitive products?

Agricultural products that are of socio-economic importance for the sustainable development of agricultural sector and rural areas of the Union States.

For the EAEU, the list of such products includes:

- meat and meat products
- rice
- vegetables, fruits, melons and gourds and their processed products
- tobacco
- oilseeds and their processed products
- sugar
- milk and dairy products
- cotton

The work is carried out within the framework of the Agreement on the circulation of agricultural crop seeds signed in 2017.

The measures are aimed at forming a single seed market. The functioning of the market will reduce financial burden workload on the business in case of mutual deliveries and reduce dependence on imported seed. The business will be able to save about **US\$ 1-1.5 million annually**.

Work on the unification of requirements in the breeding products market was carried out by the agroindustrial unit for all last year – a draft agreement was prepared, which is now undergoing the procedures required for its signing.

The overall economic effect from the implementation of this international treaty in the field of livestock breeding may amount to US\$ 1.3 billion annually.

It is planned to create a Eurasian coordination council and analytical centers on livestock breeding after signing. Institutions will help coordinate the actions of the breeding services of our countries.

The main directions of institutions' activities:

- ▶ creation of common approaches in stock breeding;
- ▶ introduction and use of advanced statistical processing systems and digital technologies in the evaluation of breeding animals;
- ▶ introduction of genome analysis.

Creation of the EAEU agricultural policy council was an important event for the agroindustrial unit of the EEC. The event signaled the willingness and desire of countries to deepen integration in this area.

Memorandum of Understanding between EEC and UN FAO/extended on November 8, 2018/Budapest, Hungary

The exchange of experience helps to improve existing standards on phytosanitary measures, improve food products safety, develop biotechnology and plant and animal selective breeding.

The United Nations Food and Agriculture Organization (UN FAO) is a specialized UN agency, the primary objective of which is to develop measures to ensure food security.

Free Movement of Services

The common market of services in the EAEU allows supplying and receiving services without exemptions, restrictions and additional requirements, without additional incorporation of a legal entity, on the basis of a permit received by the service provider in the territory of its Member State with recognition of professional qualifications of the staff.

The common market of services mode in the EAEU applies to 49 sectors and covers 55% of the services provided.

Plans for 2019

There continues the implementation of 12 liberalization plans by service sectors:

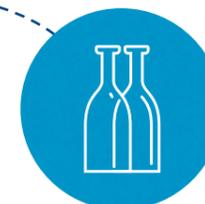
- ▶ general construction work on the construction of civil engineering facilities (tunnels, bridges, pipelines, communication lines);
- ▶ engineering areas in relation to extremely dangerous and technically complex fixed assets under construction and the preservation of cultural heritage sites (historical and cultural monuments);
- ▶ service packages in engineering areas related to highways, streets, roads, railways, runways, bridges, elevated and underground highways, tunnels and harbors, waterways, water facilities, main pipelines, communication and power lines, pipelines and cables and related facilities;
- ▶ urban design in relation to extremely dangerous and technically complex fixed assets under construction and the preservation of cultural heritage sites (historical and cultural monuments);
- ▶ asset valuation;
- ▶ underground and surface surveying;
- ▶ cartography;
- ▶ meteorology;
- ▶ tourism;
- ▶ research activities in the field of natural and human sciences.

Key results of 2018

Following sectors started to work in the common market mode:

- ▶ production, distribution, exhibition of motion pictures and videos;
- ▶ real estate transactions;
- ▶ rental and leasing of leisure boats without an operator (crew);
- ▶ advertising;
- ▶ geological, geophysical and other types of survey work as related to scientific and advisory services.

Alcohol Market of the Union



The draft Agreement on the regulation of the alcohol market will eliminate obstacles in mutual trade and create conditions for prevention of barriers.

Key results of 2018

An updated version of the draft agreement additionally providing for the elimination of the "security payment" and the institution of "special importers" was sent for approval.

Plans for 2019

It is planned to consider the draft Agreement at a meeting of the Eurasian Intergovernmental Council to resolve disagreements and submit it for the conduct of internal legal procedures.

Free Movement of Capital

The EAEU plans to create conditions for the formation of a common financial market by 2025. On the instructions of the heads of the Union States, the Governments and the national (central) banks of the states, together with the EEC, are developing a Concept for the formation of common financial market of the EAEU.

The document will set out the main goals, principles, objectives, stages, legal basis and directions of its functioning. The Concept will also reflect the development of financial innovations, the use of advanced financial technologies and their regulation in the common financial market of the EAEU in the future.

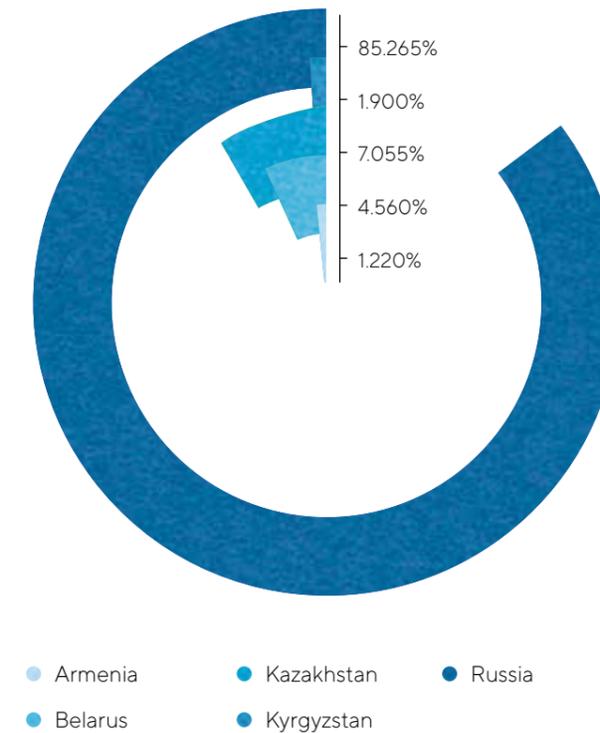
“The formation of the common financial market will create conditions for the free movement of financial services and capital within the EAEU, provide effective protection for investors and consumers of financial services and expand the range of these services and their availability to the public.”

Timur Zhaksylykov, Minister in charge of Economy and Financial Policy

Key results of 2018

- ▶ The Agreement on the harmonization of legislation of the EAEU Member States in the field of the financial market was signed. The document is required to create a common financial market within the EAEU, to ensure mutual recognition of licenses for activities in the service sectors (banking sector, insurance sector, securities market services sector) and non-discriminatory access to the financial markets of the EAEU States.
- ▶ Internal legal procedures required for signing the Agreement on coordinated approaches to the regulation of currency relations and the adoption of liberalization measures are being completed. The document defines a list of currency transactions for which the parties do not apply currency restrictions, which ensures the freedom of movement of funds of Union residents across the EAEU.
- ▶ Internal coordination of the draft Agreement on the procedure for the exchange of information included in credit histories has been completed. The document defines the mechanism, procedure and conditions of cooperation between the participants of transboundary exchange of information included in credit histories and basic principles of protecting the rights and legitimate interests of consumers and providers of financial services in course of formalization of credit arrangements.
- ▶ The draft Agreement on the principles of tax policy in the field of excise duties on alcohol products and the draft Agreement on the principles of tax policy in the field of excise duties on tobacco products of the EAEU Member States were sent for internal coordination. Documents allow to provide conditions for the creation of the alcohol and tobacco market in the Union and determine basic principles, measures and order of harmonization of excise duties rates on alcohol and cigarettes.
- ▶ Internal coordination of the draft amendments to the Protocol on the exchange in electronic form of information between the tax authorities of the EAEU Member States on the amounts of indirect taxes paid has been completed. The amendments are aimed at improvement of tax administration using information technologies.
- ▶ A protocol was signed to extend the period of validity of norms for the amounts of import customs duties until December 31, 2019.

In 2018, the amounts of import customs duties were distributed between the budgets of the EAEU States according to the norms:



- ▶ A draft Agreement on joint control measures on compliance with the procedure for transfer and distribution of import customs duties (other duties, taxes and duties that have equivalent effect), their

transfer to the budgets of the EAEU Member States was sent for internal legal procedures required for signing.

- ▶ A draft Agreement on the exchange of information in the field of combating the legalization (laundering) of proceeds of crime and terrorism financing in the course of transfer of cash and (or) cash instruments across the customs border of the EAEU was sent for internal legal procedures required for signing.
- ▶ Internal coordination of the draft Agreement on the admission of brokers and dealers of EAEU Member State to participate in organized trading on stock exchanges (trade organizers) of other Member States has been completed.
- ▶ A draft road map on the formation of the Common Exchange Space of the EAEU was prepared. The document includes the development and implementation of logically interrelated elements required for the effective functioning of stock exchange trading in securities and financial instruments.
- ▶ A draft Agreement on mutual admission to the placement and circulation of securities at organized trading in the EAEU States was prepared. The document will allow to ensure freedom of issuing and trading operations with securities in the exchange space of the Union.
- ▶ A draft Agreement on the Consultative Council on the exchange rate policy of the national (central) banks of the EAEU Member States has been prepared.

Together with the Institute of Austrian and International Tax Law of the Vienna University of Economics and Business, the EEC implements the Eurasian Fiscal Academy educational program. It is aimed at improving qualifications of specialists of the financial and tax departments of the EAEU States and allows for the constant exchange of experience and professional communication of the staff of the relevant departments of the Union States on tax policy and tax administration issues.

Guarantor for Citizens

One of the four freedoms laid down in the Treaty on the EAEU is the freedom of movement of labor resources. The Eurasian Economic Union has opened up new opportunities for citizens. Residents of the Union States can now move freely throughout the EAEU and work wherever they want.

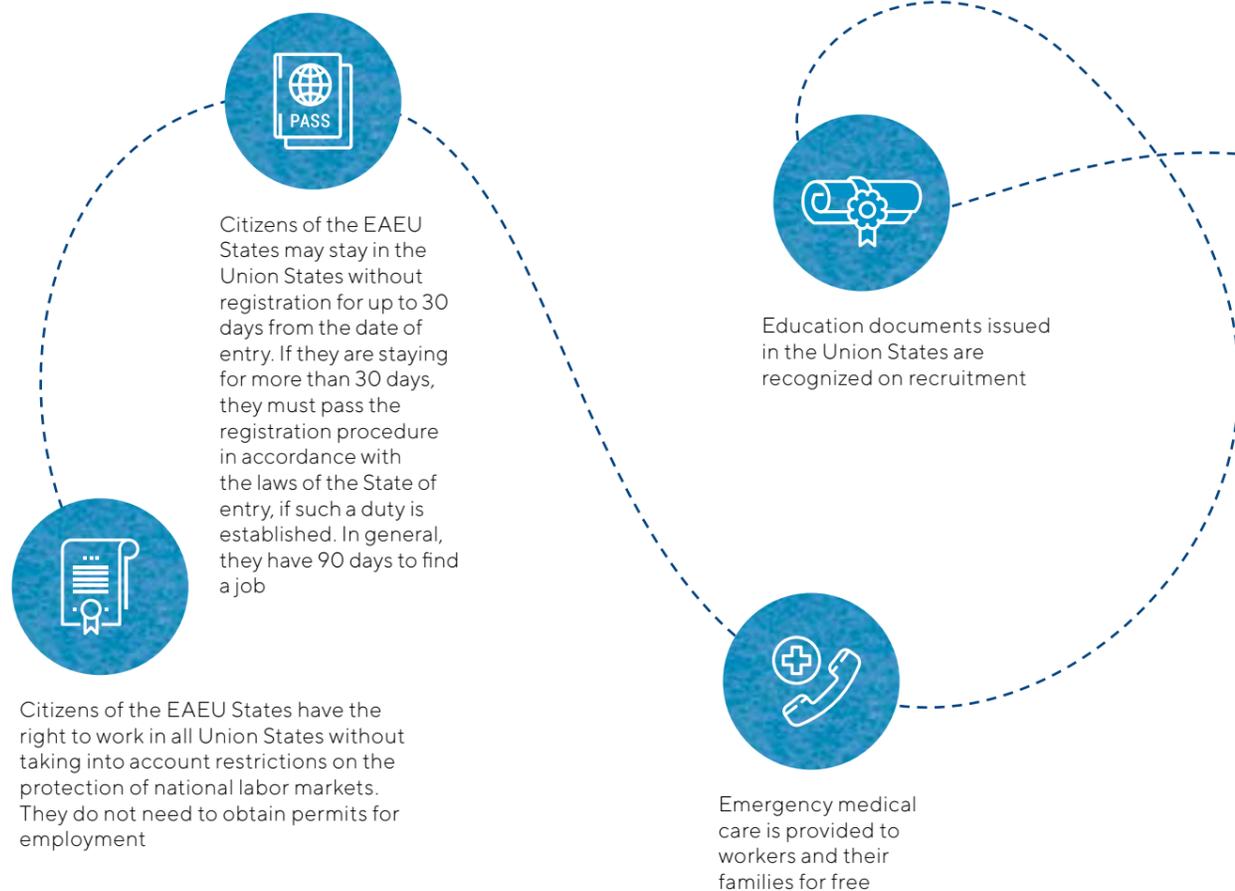


Free Movement of Labor

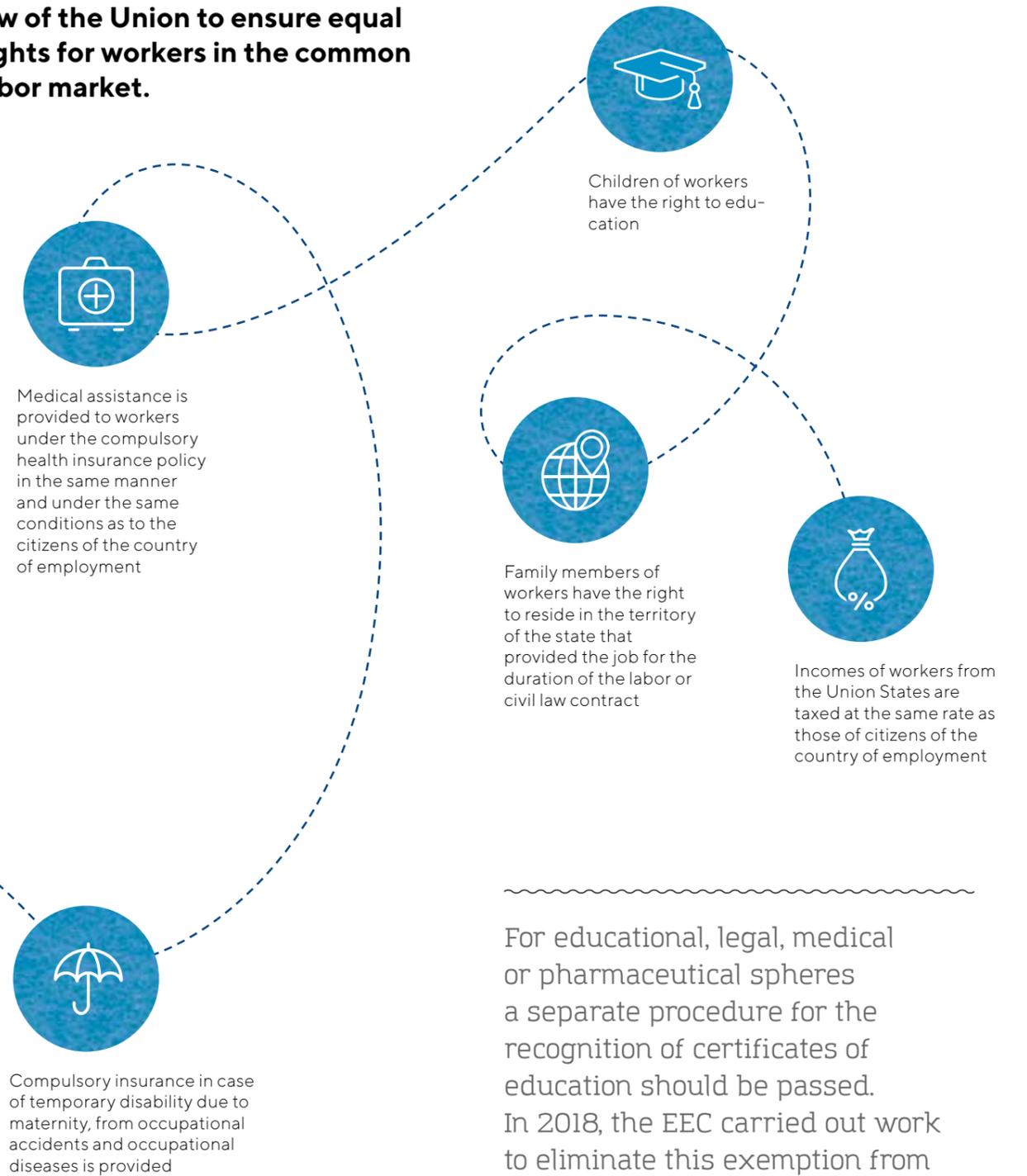
“We will fully contribute to the implementation of the goals and objectives of the EAEU to ensure positive changes in the lives of our citizens.”

Declaration on the further development of integration processes within the EAEU, December 6, 2018

ADVANTAGES OF COMMON LABOR MARKET



Each year, the EEC improves the law of the Union to ensure equal rights for workers in the common labor market.



For educational, legal, medical or pharmaceutical spheres a separate procedure for the recognition of certificates of education should be passed. In 2018, the EEC carried out work to eliminate this exemption from the Treaty on the EAEU. For each of the four areas, working groups of experts from all Union States have been established.

Pension Provision in the EAEU

“Each State will determine the right to a pension and calculate its amount in accordance with its national legislation. To determine the right to a pension, it is provided to sum up the employed service for the entire period of employment in the territory of the EAEU.”

Timur Zhaksylykov, Minister in charge of Economy and Financial Policy

There are different pension systems in the EAEU States. There are different models of pension systems and conditions for the right to a pension (retirement age, length of employment, individual pension ratio), as well as amounts and sources of payments. In addition, the pension rights of workers from other EAEU States are not formed in Union States, and therefore workers lose part of their pensions for the period of work in the territory of other EAEU States.

The EEC, together with the Union States, has been working for several years on a draft Agreement

on the provision of pensions for workers, which will help solve this problem and enable the citizens of the Union to receive a pension in full. In its assignment and payment, pension rights acquired by workers in the Union States where they carried out labor activities will be taken into account.

In December 2018, the internal coordination of the draft Agreement was completed. In the near future, the draft Agreement is planned to be sent to the Union States to carry out internal legal procedures required for its signing. It is expected that the document will be signed in 2019.

The development of the draft Agreement is carried out with the assistance of international experts including the International Association of Pension and Social Funds (IAPSF).

The EEC considers cooperation with IAPSF as one of the most promising areas of cooperation in the social sphere within the EAEU, including in order to create a common labor market, the benefits of which can be appreciated and directly felt by ordinary public of the EAEU States.

The draft Agreement has been developed by the EEC together with the EAEU States in accordance with clause 3, Article 98 of the Treaty on the EAEU.

MAIN OBJECTIVES OF THE DOCUMENT



Resolution of issues related to the appointment and export of workers' pensions



Formation, maintenance and implementation of workers' pension rights under the same conditions and in the same manner as for the citizens of the state of employment



Development of cooperation between the Member States in the field of pensions

The EEC is working on a draft Procedure for cooperation between authorized bodies, competent authorities and the EEC on the application of the norms of the Agreement on the provision of pensions to workers of the Union States, which regulates the process of granting and payment of pensions to workers, as well as transboundary cooperation of the Union States with the use of the integrated information system of the EAEU.

Special Status for Workers in the EAEU

In 2018, the EEC offered an initiative to provide workers with a long-term employment or civil law contract (with a term of at least one year) or a certificate of registration as an individual entrepreneur, and their family members with the special status of an EAEU worker. It implies special rights granted to

EAEU workers when traveling across the borders of the Union States during recruiting and employment and conditions of stay in the state of employment. This will ensure non-recurring registration procedures, reduce shadow employment, optimize statistical records and increase the collection

rate of all tax payments. As a result of discussions held in 2018, the expert and business communities supported this initiative, and now it is being discussed with the competent authorities of the Union States to develop a unified approach to the rules for granting such status.

Eurasian Electronic Labor Exchange

“The electronic labor exchange will, on the one hand, allow employers and, on the other hand, those individuals who search for employment find jobs and enter into contracts on this platform.”

Tigran Sargsyan, Chairman of the EEC Board

This initiative is being worked out at the suggestion of Kazakhstan. A common digital ecosystem in the Union for provision of recruitment and employment of citizens will contribute to the organized attraction of workers reducing financial risks and increasing the comfort of recruitment. With the help of the electronic labor market,

the states will be able to control the labor market of the EAEU States in the whole and of individual regions, as well as labor requirements of specific professions. This approach will completely adjust all processes in the common labor market and facilitate the free movement of labor resources within the EAEU. The project

will ensure the most efficient functioning of the common labor market of the EAEU.

In 2019, the EEC will conduct research work on the topic: “Development of a digital ecosystem model to ensure the recruitment and employment of citizens of the Member States of the Eurasian Economic Union.”

Recognition of Scientific and Academic Degrees

In order to increase labor and academic mobility of citizens of the Union States with academic degrees and ranks, the EEC has developed a draft agreement on recognition of conformity of academic degrees and academic ranks in the EAEU Member States. It is planned to be considered in 2019.

Requirements for Professional Driver's Training

In order to develop human resources of the Member States in the field of road transport, the EEC has developed a draft agreement on the harmonization of qualification requirements for the main professions of motor vehicle drivers in the Eurasian Economic Union States, which is planned to be considered in 2019.

Prospects for Developing the EAEU Single Labor Market

Plans of the EEC for the development of common labor market:

- ▶ removal of obstacles to the provision of medical care for families of workers in the framework of the CHI system;
- ▶ elimination of exemption related to the recognition of documents on education from the Treaty on the EAEU;
- ▶ education upon admission to educational, legal, medical or pharmaceutical activities;
- ▶ increase of the mobility of workers in the common labor market including work on a draft Agreement on the procedure for entry, exit, and transit of citizens of the EAEU States;
- ▶ work on the creation of common migration space, which will allow to increase the mobility and comfort of employment of citizens of the EAEU States;
- ▶ simplification of the procedure for the migration of citizens on the territory of the EAEU;
- ▶ development of cooperation of the Union States in the field of healthcare and education.

Memorandum of Cooperation between the Eurasian Economic Commission and the International Association of Pension and Social Funds (IAPSF)/February 20, 2018/ Bishkek, Kyrgyz Republic

IAPSF is one of the main regional nongovernmental organizations, which consolidates pension funds and social insurance funds mostly of the CIS participating States.

IAPSF has gained considerable experience in the field of social security of citizens, mechanisms and tools for its implementation in the framework of integration cooperation between countries.

Cooperation between the EEC and IAPSF will improve the quality of decisions in the field of social security for the workers of the EAEU Member States and also allow for the exchange of best international practices in social security and pension issues.

Consumer Safety in the EAEU

Adoption of coordinated and effective decisions aimed at protecting the interests of consumers is a crucial task facing the Union States and the EEC. Its implementation is facilitated by the Union's legal base, which provides for the establishment of clear requirements for consumer products, ranging from sanitary and epidemiological, hygienic, veterinary and phytosanitary quarantine safety requirements to information included in food marking.

Safety is a key word in technical regulation. Manufacturers in the EAEU are obliged to strictly comply with the requirements set forth in the technical regulations including the requirements for the processes of production, installation, maintenance, operation, storage, transportation, sale and disposal. At the same time, the consumer

must receive comprehensive information about the properties of products.

The decisions for protection of the safety of consumer products made in the Union are based on risk assessment and coordinated activities of states. A special place in this work is occupied by the harmonization of national legislation in the field of consumer protection, which is progressively implemented by states based on EEC recommendations.

The objective of the Commission is to develop and propose to the Union States such mechanisms that can ensure an optimal level of product safety and provide manufacturers with the opportunity to use new technologies and materials at the same time.

About 70% of products in the EAEU market are covered by the requirements of technical regulations. These are toys and wheeled vehicles, milk and meat, small vessels, pyrotechnics and tobacco, juices and drinking water, elevators and furniture, machines, clothes and many, many more.

Novelties in Technical Regulation Ensuring Product Safety



Changes in Technical Regulations for Wheeled Vehicles

Requirements for equipping ambulances with modern patient care systems were introduced to technical regulations



Technical Regulations on Safety of Equipment for Playgrounds

The document established uniform requirements for the design of equipment: It should ensure its durability and stability. Neither child's body nor clothing should get stuck in the equipment. There should be no sharp ends or edges



Technical Regulations for Electrical Products

This applies to computers, TVs, refrigerators, and mobile phones. The document prohibits the use of lead, mercury and other harmful to human health and ecology metals in household appliances



Technical Regulations for Alcohol Products

Technical regulations united and systematized national requirements and provisions of interstate and national standards for alcohol products. The unified standards have become a barrier for unfair manufacturers and counterfeiting of alcoholic beverages



Changes in Food Marking

To provide a consumer with clear and understandable information about food products, a marking minimum font size has been established and criteria to consider the text easy to read and understand have been defined



Changes in Marking of Dairy Products

Now, the consumer will be able to distinguish products with milk fat replacer, for which changes in marking are introduced. Manufacturers must indicate information on the ingredients with a font size of at least 2.5 millimeters on the front of the package. There must also be marking "Contains vegetable oils" with a size of at least 3 millimeters



Technical Regulations on Amusement Rides

The document applies to observation wheels, catapults, swings, go-carts, inflatable bouncers, slides, electric cars, and water rides. The Technical Regulations will allow to reduce the risk of injury during the operation of amusement rides



Changes in Marking of GMO Products

Marking becomes mandatory if a product contains more than 0.9% of GMO. The "GMO" inscription will be located next to the EAEU conformity mark – EAC – and correspond to it in shape and size. A transition period of one and a half years is set for the adaptation of business. At this time, production according to the old rules is allowed

85%

of accidents

occur as a result of improper installation or operation of amusement rides.

SPS Measures: Standing Guard Over the Safety

Circulation of quarantinable products and problems arising in this area should be the subject of prompt discussion at the level of heads of supervision bodies, which will increase the efficiency of integration. The Council of Heads of Authorized Plant Quarantine Bodies may become one of the mechanisms for its further development.

Viktor Nazarenko, Minister in charge of Technical Regulation

The EEC seeks to ensure sanitary, veterinary-sanitary and phytosanitary quarantine security of the Union, as well as access of citizens of the Union to safe products. For this, the Commission creates documents which, on the one hand, would provide the conditions for execution of these tasks, and on the other hand, establish transparent and understandable criteria for business and would not create unnecessary barriers.

IN FORCE THROUGHOUT THE EAEU IN THE SPHERE OF SPS



Unified lists of goods in respect of which mandatory requirements are established



Unified requirements



Unified forms of documents confirming product safety



Unified procedures for monitoring and oversight activities

Key results of 2018

▶ Research to establish and substantiate hygienic standards for the content of chemical impurities, biological agents in food products according to the criteria of risk to human health and to develop a risk-oriented model of oversight in the field of product safety for human health has been carried out. They will allow to apply sanitary measures on the basis of a scientific substantiation of risk assessment, adherence to proportionality

of restrictive measures and elimination of unreasonable administrative barriers for trade.

▶ Uniform criteria for the inclusion of enterprises carrying out production, processing and storage of livestock products in the register of enterprises of the Union have been adopted, which will minimize the risks of applying unreasonable restrictive measures in mutual trade.

SPS are mandatory sanitary, veterinary-sanitary and phytosanitary quarantine measures and procedures. They are used to:

- ▶ protect human and animal life and health from the risks arising from additives, contaminants, toxins or pathogens in food, beverages, feed and other products;
- ▶ protect the life and health of animals and plants from the risks arising from the penetration, rooting (fixing) or spread of plant pests, causative agents of infectious diseases of plants and animals, plants (weeds), vectors of diseases or pathogens of quarantine importance for the Member States;
- ▶ protect human life and health from the risks arising from diseases transmitted by animals, plants, or their products;
- ▶ prevent or limit other damage caused by the penetration, rooting (fixing) or spread of plant pests, causative agents of infectious diseases of plants and animals, plants (weeds) and pathogens of quarantine importance for the Member States, including in the case of transfer or spread thereof by animals and (or) plants, with products, cargo, materials, and vehicles.

From Annex No. 12 to the Treaty on the EAEU.

- ▶ Draft Regulatory Guidelines on the circulation of veterinary medicines, which will determine the uniform registration procedures and the conditions for the circulation of such agents on the Union market, as well as uniform pharmacovigilance procedures for approved veterinary medicines have been prepared.
- ▶ Unified List of Quarantine Items and Unified Phytosanitary Quarantine Requirements have been amended. This will prevent the penetration and spread of pests and pathogens of quarantine importance. These changes will ensure an adequate level of phytosanitary quarantine security, minimize phytosanitary risks of the importation and spread of quarantine items in the international and mutual trade in quarantineable products and thereby increase the export potential of states.
- ▶ Uniform veterinary requirements for facilities subject of veterinary control have been approved. Previously, the requirements were determined by national legislation, which led to inconsistencies and limited the possibilities for entering the EAEU common market. Unification of requirements allows to minimize the risks of applying unreasonable restrictive measures in mutual trade, since they define uniform work rules for entrepreneurs engaged in production, processing and storage of products of animal origin. When an enterprise meets unified requirements, this is the basis for its inclusion in the unified register of enterprises and allows free trade in the Five Eurasian countries.
- ▶ A List of veterinary medicines (pharmacologically active substances), the maximum permissible levels of residues of which may be contained in unprocessed food products of animal origin, including raw materials and methods for determination thereof has been adopted. This will allow to settle the issue of rationing and control of residues of veterinary medicines in food products of animal origin and eliminate disagreements when examining products for the presence of residual quantities of veterinary drugs.

- ▶ Regulations on the procedure for state sanitary and epidemiological surveillance, which clarify the sequence of actions of the authorized bodies in determining the discrepancy of controlled goods have been amended.
- ▶ Amendments to unified requirements for the equipment and fitting out of plant quarantine stations, which will increase the effectiveness of phytosanitary quarantine control, have been approved.

Improvement of the EAEU Treaty in the field of SPS

- ▶ Proposals for amendments to the Treaty on the EAEU, which will allow to continue the process of integration between the Member States of the Union and reduce the risks of barriers to mutual trade have been prepared and sent to the Union States.
- ▶ Amendments to the Treaty on the EAEU, which provide for the use of electronic phytosanitary certificates, have been agreed.
- ▶ According to the results of law enforcement practice and proposals of the business community, it is planned to amend the Union law to improve legal regulations, ensure phytosanitary quarantine safety and reduce barriers in foreign and mutual trade.
- ▶ It is planned to grant additional powers to organize monitoring of the implementation of EEC decisions to the Commission, which will eliminate barriers to the movement of goods in the internal market of the Union, as well as improve the efficiency of execution of decisions, timely detect and prevent violations of Union law.

Plans for 2019

It is planned to consider at the EEC meetings:

- ▶ Draft Regulations on agreed approaches for identification, registration and traceability of animals and products of animal origin, which regulate the traceability of animals and products of animal origin taking into account the implementation of "from farm to the counter" principle and will minimize the appearance of unsafe food products of animal origin on the market.
- ▶ Rules for the regulation of the circulation of veterinary medicines in the customs territory of the Union, which define uniform registration procedures and conditions for the circulation of medicines for veterinary use and uniform pharmacovigilance procedures.
- ▶ Amendments to the Treaty on the Union providing for the use of phytosanitary certificates by the authorized plant quarantine authorities.
- ▶ Draft amendments to Unified phytosanitary quarantine requirements. Its adoption will create favorable conditions for increase of food production in the Union States and will allow to solve the problems of food security and import substitution.

The work continues:

- ▶ on updating the decision of the Commission of the Customs Union "On the Application of Sanitary Measures in the EAEU" which approved 4 framework documents in the field of sanitary measures;
- ▶ on the preparation of rules for the regulation of the circulation of diagnostic agents, disinfection, disinsection and deacarization agents for veterinary use and regulation of the circulation of feed additives;
- ▶ on amending the existing regulatory legal acts of the Union in order to eliminate varying interpretations of provisions;
- ▶ on the preparation of a joint action program of the Union States to protect the rights of consumers and to guarantee the quality and safety of goods and services, the adoption of which will complement the work of the EAEU States and unite the efforts of business and public of the five countries in combating unfair practices and create unified consumer dispute settlement procedures.

Protecting the Union's Common Market from Hazardous Products

Key results of 2018

▶ A pilot project on restriction and supervision of the handling of hazardous products was launched. The project is planned to be implemented using the example of six technical regulations of the Union: on low-voltage equipment, products for children and juveniles, toys, wheeled vehicles, meat and dairy products.

▶ The EEC has adopted a recommendation for the cooperation of the state control bodies of the Union States in the

supervision of compliance with technical regulations. This will allow to prevent the release and stop the circulation on the Union market of products that do not meet the requirements of technical regulations, promptly identify dangerous products and take measures for withdrawal and recall thereof. As a result, consumers will be protected from poor quality and dangerous products.

▶ The EEC has updated Unified Sanitary Requirements. Thus, changes to the sections that

establish requirements for food products and disinfectants have been prepared.

▶ The EEC has prepared changes to the Procedure for interaction of the Member States of the Union in the prevention, diagnosis, localization and elimination of centers of highly dangerous, quarantine and zoonotic animal diseases and regionalization and compartmentalization aimed at optimization of the frequency of mutual informing of authorized bodies of highly dangerous, quarantine and zoonotic animal diseases.

The EAEU's experience in consumer protection is included in the final documents of the 3rd meeting of the UNCTAD Intergovernmental Working Group on Consumer Protection and is actively used by working groups that prepare international recommendations in the field of consumer protection and consumer safety.

The United Nations Conference on Trade and Development (UNCTAD) is the main body of the UN General Assembly in the field of trade and development.

The EEC has developed a draft recommendation that will allow the Union States to apply common approaches to protection of the rights and interests of the most vulnerable consumers: elderly people, children and disabled people. Protection of their consumer rights will be carried out, among other things, by establishing an increased responsibility of sellers for the fraud of such citizens. The recommendation is scheduled for adoption in 2019.

Plans for 2019

▶ Signing of the Agreement on the procedure for the circulation within the framework of the EAEU of products, the requirements for which are not established by the technical regulations of the Union, and on the rules for ensuring the safety of such products.

▶ Signing of the Agreement on common principles and approaches for exercising state control over compliance with the requirements of the Union's technical regulations. This will allow to apply the equivalent "rules of the game" throughout the Union as part of market control for product safety. The use of a risk-based approach will increase the efficiency of state control, and the presence of an exhaustive list of the grounds for carrying out unscheduled inspections will reduce the burden on business.

"The system of informing about dangerous products is being created within the framework of the integrated information system of the EAEU. Its participants, national state control bodies and the Commission, will be able to report on the results of government supervision activities, measures to eliminate the negative consequences of the violations found, cases of sale of goods subject to mandatory assessment of conformity to the requirements of technical regulations of the Union without documents on such an assessment."

Viktor Nazarenko, Minister in charge of Technical Regulation

Memorandum of Cooperation between the Eurasian Economic Commission and the Consultative Council for the Protection of Consumer Rights of the CIS Participating States/July 25, 2018

Cooperation will bring together approaches to the regulation of consumer protection for the EAEU countries participating in the CIS and allow Observer States and other CIS States to formulate a policy in the field of consumer protection taking into account the experience of the Union.

In the Interests of Citizens



EAC, the unified EAEU market circulation mark, stands for Eurasian Conformity. This mark is for products that comply with the requirements of technical regulations and have passed the established procedures for compliance assessment (confirmation).

Safety criteria are formulated for each group of products, and the requirements are provided in the relevant regulations.



The EAC abbreviation can be typed in Cyrillic or Latin alphabet. The letters are arranged on a light or contrasting background and do not melt with the package in color. The mark must be square (with a side of at least 5 mm) and distinguishable during the entire life of the product. By the way, the abbreviation in Russian is read as “ye-ah-s”.

Orientation to high quality is the only way to succeed in the competition for the market. We believe that the next step in the development of integration should be the transition to a new stage – the formation of a Eurasian system for ensuring product quality.

Viktor Nazarenko, Minister in charge of Technical Regulation

All EEC decisions directly affect the population of the Union States. One of the main objectives of the Union is to create conditions for the sustainable development of the economies of states in the interests of improving the quality of life of their population. All units of the Commission base on this objective in their work.



Health

The EEC has adopted an accelerated procedure for market authorization of seasonal influenza vaccines. This will allow manufacturers to promptly bring the vaccine to the market for the next epidemic season.



Healthy nutrition

During 2018, the Commission was working on the draft Concept of Collective Food Security of the EAEU. In particular, it implies the provision of domestic food aid to vulnerable groups of the population. In addition, it is planned to develop a coordinated policy in the field of healthy nutrition of the population within the framework of the concept.



Transport

The EEC is working on a program to liberalize road transportation of goods between points located in the territory of another state by carriers registered in the territory of one of the EAEU States. This program will eventually reduce consumer spending on transportation services by increasing the number of carriers on the market, reducing the share and length of empty running.



Sports

At the request of the EEC, the Court of the EAEU adopted an Advisory Opinion on the issue of the labor activities of international athletes. In particular, the court supported the position of the EEC and recognized that the limits on participation in national sports events of foreign athletes should not apply to citizens of the Union States, that is, athletes from the EAEU States should not be considered international.



Digitalization

The digital agenda covers all spheres of life and directly concerns population of the Union. This is proved by digital projects of the winners of International competition of innovative projects “Eurasian Digital Platforms”:

- ▶ Shadowmatic game for children and teenagers on the EAEU digital agenda (Republic of Armenia);
- ▶ “Platform 8” (Kyrgyz Republic) is a single digital platform for the exchange of skills in the business environment, migration and social services.



Information technologies

A digital platform is being formed to provide citizens with services in electronic form with the help of the EAEU integrated information system.



Customs

▶ The EEC decided on the customs declaring procedure of express shipments transported as part of non-commercial turnover, i.e. goods for personal use. Starting July 1, 2019, the process of processing and delivery of express shipments will be faster and easier, this also relates to the online trading.

Today, the declaring of this category of goods is carried out exclusively in writing, although it is primarily for them that automated electronic data processing is necessary.

The Commission’s decision allows to create uniform and understandable rules for the declaration of express shipments and provides the legal basis for the transition to their full electronic customs declaring procedure.

- ▶ The EEC has defined a customs document on which basis customs payments are made in respect of goods for personal use delivered as express shipment.



Healthcare

The work of the common medicines market will improve the quality, safety, efficacy of drugs. And this will have a positive impact on the general condition of the market and supply of medicines to the population, hospitals and clinics. The range and choice in pharmacies will increase. High competition between manufacturers will keep prices down.



Electric transport

The Commission cares about the world around us. In November 2018, the plan for the promotion and development of electric vehicles for 2018–2020 was approved. To make it easier for citizens of states to transfer to clean transport, the plan includes such measures as, for example, exempting owners of wheeled vehicles with electric engines from paying transport tax, providing free parking spaces for electric vehicles or equipping with chargers.

Our Team

Having created the Eurasian Economic Union, independent States delegated a part of their powers to the regulatory body, the Eurasian Economic Commission, in order to secure four freedoms and pursue coordinated policy in key sectors of the economy in the common interests.





Tigran Sargsyan,

Chairman of the EEC Board

- ▶ Born on January 29, 1960 in the city of Vanadzor, Armenian SSR.
- ▶ Graduated from the Yerevan Technical School No. 14, Leningrad Financial and Economic Institute named after N. A. Voznesensky. PhD in Economics.
- ▶ He started his career in 1987 at the Research Institute for Economics and Planning.
- ▶ From 1990 to 1995 – representative of the Supreme Council of the Republic of Armenia.
- ▶ From 1995 to 1998 – President of the Banks Association of Armenia.
- ▶ From 1998 to 2008 – Chairman of the Central Bank of the Republic of Armenia.
- ▶ From 2008 to 2014 – Prime Minister of the Republic of Armenia.
- ▶ From 2014 to 2016 – Ambassador Extraordinary and Plenipotentiary of the Republic of Armenia to the United States.
- ▶ From February 1, 2016 – Chairman of the Board of the Eurasian Economic Commission.
- ▶ He is married and has three children.

Tigran Surenovich, with your appointment to the EEC, digitization was included in the agenda of the Union. What effects are possible due to the digital transformation of the EAEU?

I would like to begin by saying that digital transformation is a global trend that is changing the logic of building a business. And it is obvious that this trend cannot but affect our countries and our Union.

Today, mass digitization primarily affects services and facilities with high consumer demand. In the view of our integration, the digitization is primarily important in areas where common markets are established and the joint jurisdiction of the Union States is implemented. These are customs and trade in general, transport, pharmaceutical market, financial market, data exchange systems, labor market, state procurement, manufacturing industry and agricultural sector.

To answer the question about the advantages of digitalization, let me remind you that we conducted a study together with the World Bank. Its results show that the implementation of the digital agenda will give our integration association additional GDP growth – up to 1 pp annually. This is quite a serious indicator. In the services sector, you can save about US\$ 50 billion annually by eliminating regulatory barriers between Member States.

More broadly, digitalization is aimed at developing the economies of our countries through joint project work with the active involvement of business.

In the “digits” you can not move at different speeds, this is where we need to move synchronously. This is an issue of competitiveness of our Union. Therefore, the issue of harmonization of policies in the field of digital transformations is extremely relevant today. Today we need to think about which mechanisms to develop, how to ensure the interoperability of our projects, to build a management system. Thus, digital transformation at the EAEU level is a benefit for all participants in our market.

You have often called the production of new knowledge the trend of the XXI century. What are your recommendations for countries to be competitive?

A global transformation is taking place all over the world, a new economic structure is being formed, where digitalization is one of its elements. The basic process of organizing society is changing, the transition from industrial to post-industrial society continues and the production of knowledge becomes the basic process. The developed countries have succeeded in it.

To make countries of the Eurasian Economic Union competitive in global markets, primarily in the production of new knowledge, it is necessary to qualitatively change the organization of society. It should be based on universities. It is them, as well as scientific centers and laboratories should become growth drivers.

We should also rebuild the education system conceptually. Its objective is not just to give knowledge, but to form skills to work with them. The most important function of teachers of the new time is to be researchers, scientists, to involve students in the process of thinking, to teach them to think, because knowledge in the new world quickly become obsolete. A successful person in a modern, rapidly changing world is the one that uses his abilities and talents.

We must accumulate critical competences in order to implement institutional reforms. For this, we need to focus on our comparative advantages, specialize in areas where we can provide more favorable conditions than Silicon Valley, and focus on the production of knowledge. The knowledge that will be competitive and in demand throughout the world, but in our territory first. Specialization and competence are not only the key factors of development, but also of retaining of the best our “minds” at home. Only in this case we will move forward, simultaneously strengthening the stability of our economies and societies.

Tigran Surenovich, what is the role of youth in the building of Eurasian integration?

Under the conditions of knowledge economy formation, human potential, the core of which is talented youth, becomes the most important resource.

Despite the fact that our association is exclusively economic in nature and we have no authority in the humanitarian sphere, the Commission attaches great importance to the development of the human resources of the Union. Therefore, we support within our competence various educational initiatives that contribute to the formation of a new Eurasian elite. We cooperate with universities, students, PhD students and academic community of our countries. Members of the Board and employees of the Commission are lecturing in the universities of the Union on a regular basis.

We understand that the success of the EAEU depends on who will be the carrier of the Eurasian idea. To promote Eurasian integration, it is important for us to “infect” young people with this idea, so that young people will associate their professional career with our economic association in the future.

– How do you see the future of the EAEU?

– Our long-term objective is the implementation of our agenda: The Union should be a modern association, comfortable for doing business, attractive to the international business community, one of the most important global economic centers that determine the global economic agenda.

In order to make reality of this objective, we must continue to implement coordinated policies, make a breakthrough in the digitization of the economies of our countries, develop international cooperation, create and bring Eurasian brands, recognizable, jointly released products and new technologies, to the global market. If we will be able to produce new knowledge, we will make a breakthrough, we will fill our niche in the global market.





Tatyana Valovaya,

Minister in charge of Integration and Macroeconomics

- ▶ Born in 1958 in Moscow.
- ▶ Graduated from the Faculty of International Economic Relations of the Moscow Financial Institute. Doctor of Economics.
- ▶ She started her career in 1983 in the editorial office of *Ekonomicheskaya Gazeta*. She has held positions from a correspondent to the deputy editor of the global economy department.
- ▶ She then worked in the diplomatic service of the Permanent Mission of the USSR, and later in the Permanent Mission of the Russian Federation to the European Union as a third, then second secretary. She dealt with issues of financial and economic cooperation.
- ▶ Later she held various positions in the Executive Office of the President of the Russian Federation, in the Ministry of the Russian Federation for CIS Affairs, and headed the Department of International Cooperation in the Government Office of the Russian Federation.
- ▶ On February 1, 2012 she was appointed a Member of the Board (Minister in charge) on the main areas of integration and macroeconomics of the EEC.

Tatyana Dmitrievna, you are a legend in the history of Eurasian integration. Please, tell us how it all started, how did our Union appear?

Few people think about it, but two outstanding geopolitical events happened almost on the same day. In December 1991, in Belovezhskaya Pushcha, a decision was made on the breakup of the USSR, and at the same time an agreement on the creation of the European Union was negotiated in Maastricht. At that moment I worked in our European Community office, and it was in Maastricht that I learned about the events in Belovezhskaya Pushcha. This variety of integration tracks was very bright for me then. The European Union was moving toward coalition, and the Soviet Union, on the contrary, towards disintegration.

Nevertheless, even then many, including myself, believed that sooner or later we would have to unite on a completely new economic basis, not into a political union of states, but particularly into a full-fledged economic union.

The first President of Kazakhstan Nursultan Nazarbayev was the first to introduce the idea of a new type union at Moscow State University in March 1994. At that moment, few of the states supported this idea, because there was still some euphoria from sovereignty.

But starting from 1995, Russia, Belarus and Kazakhstan have first agreed on approaches to the Customs Union, and by the year 2000, the Eurasian Economic Community had emerged.

I remember how we've been at a meeting with Viktor Borisovich Khristenko, who was Russia's deputy prime minister, and talked about the name of our union. And back at that time everyone secretly hoped that sooner or later the Eurasian Economic Union would come to replace the Eurasian Economic Community.

You often conduct meetings with representatives of international organizations and national states, speaking about our Union. How is the EAEU perceived in the world?

In recent years, our Union has achieved unconditional recognition internationally. It's not even about the number of free trade agreements or memoranda that we signed. We are recognized by foreign business as an economic association. For example, we do not have a full-fledged dialogue at the level of governments with the United States or the European Union yet, but there is an excellent dialogue with the business community.

Business representatives recognize the positive impact of the EAEU and note that regulation is in many ways better in our common market than it was at the national level and it has become easier for them to work.

One of the favorite topics of journalists is cryptocurrency and blockchain technology. Do the EAEU States have a harmonized approach to regulation in this sphere?

Since December 2017, we have been conducting analytical work to summarize the positions and approaches that exist among international players and in the EAEU States. But we are not doing this because we are thinking about introducing a single cryptocurrency. It's something else.

First, we understand that the rapid development of the cryptocurrency market can affect the macroeconomic stability in the Union. Second, by the time of the creation of the common financial market of the EAEU in 2025, cryptocurrencies can become its component. And, of course, we will need to create balanced regulation.

In this regard, as a first step, we have prepared a glossary on cryptocurrency issues, which we are now discussing with countries, and are preparing a recommendation on key regulatory issues.

At the end of 2018, the heads of state of the EAEU approved the Declaration on the further development of integration processes in the EAEU. Why is it necessary and what is included in the document?

The world is changing rapidly, and we have to respond to it. Suffice it to say that when we were preparing the Treaty on the EAEU and talked about creating a common market for goods, services, capital and labor force, we did not deal with the digital economy at all. But as early as in 2016, we started to work in this area. In other areas, issues in which we can take a step forward have accumulated as well.

In the first block of the declaration, we are talking about the need to accomplish the tasks of forming common markets and eliminating obstacles. In order to complete these tasks, we need to improve institutional cooperation, make more effective decisions.

In the second block, we propose to maximize the use of the capabilities of the Union for a breakthrough in the scientific and technological sphere. It is time to start implementing large cooperation projects so that symbols of Eurasian economic integration appeared in our Union – projects that have become possible thanks to the EAEU.

The third block is our response to the socio-economic challenge. It is not often that citizens of the EAEU States feel that they are residents of the same Union. To change this, we have to do even more for citizens in education, tourism, healthcare and sports.

And, finally, the fourth block is the positioning of the Union in the international arena, building relations with our closest partners.

By the end of 2019, on the basis of this declaration, we will prepare a document defining the strategic directions for the development of Eurasian economic integration until 2025 and revealing specific mechanisms and measures for its implementation.





Timur Zhaksylykov,

Minister in charge of Economy and Financial Policy

- ▶ Born on September 17, 1968 in the East Kazakhstan region of the Kazakh SSR.
- ▶ He graduated from Lomonosov Moscow State University, Master's degree program of the Strasbourg Institute for Political Studies (France), Kazakh Institute of Finance and Economics.
- ▶ He worked in the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, in the Administration of the President of the Republic of Kazakhstan. He held the posts of Vice-Minister of Industry and Trade of the Republic of Kazakhstan, Vice-Minister of Economic Development and Trade of the Republic of Kazakhstan, Vice-Minister of National Economy of the Republic of Kazakhstan, Assistant to the President of the Republic of Kazakhstan.
- ▶ In April 2017, he was appointed a Member of the Board (Minister in charge) for Economy and Financial Policy of the EEC.
- ▶ He is married and has two children.
- ▶ In his free time he does swimming, collecting books on economic theory and history of art.

Timur Mekeshevich, three freedoms of the EAEU at once: movement of services, capital and labor – are within the competence of your block. How is the work on their implementation going?

Our block is doing a lot of work to implement these three major components of Eurasian integration.

Now the common market of services includes 49 sectors and covers about 55% of the volume of all services. Our strategic goal is the operation of the common market of services in 63 sectors by 2025.

Creation of the common market of services activates the potential of the entire market in the Union. It is no secret that the greatest contribution to GDP in all our countries is made by the market of services rather than by the commodity market. The transfer of additional sectors to the common market of services regime will further stimulate competition, reduce prices for consumers, and spur the process of creating new workplaces.

One of the priorities of integration cooperation is the creation of a common financial market of the EAEU. It implies non-discriminatory access to financial markets, additional mechanisms to protect the rights of consumers of financial services, conditions for the mutual recognition of licenses.

In 2018, the Agreement on harmonization of legislation in the financial market sphere was signed, work on the Concept of the formation of a common financial market and the creation of the Common Exchange Space of the Union continues.

The common labor market has been functioning in the Union since 2015. The Treaty on the EAEU secured preferences for the workers of the Union States, and we constantly monitor the implementation by the parties of these provisions, as well as work to identify and eliminate restrictions.

Are there any difficulties with the creation of a common market of services?

There are difficulties with the lack of detailed statistics, which would allow, on the one hand, to obtain information about the size and depth of this market, and on the other hand, about the problems of entrepreneurs. Now we receive such information fragmentarily from unofficial sources. Of course, this may indicate that there are no difficulties, but there is also a danger that we simply do not receive reliable information. We have to deal with this issue together with the parties in order to make the common market of services truly effective.

And what about the labor market?

The key objective here is to complete the work on the pension agreement. This agreement will directly affect citizens and affect the realization of their pension rights. Now the number of workers from the EAEU States who work in other countries of the Union exceeds 1 million people. Pension agreement will protect their rights and give them the opportunity to receive a pension in full.

Today, the issues of pensions for temporary workers of the Union, which constitute the majority, are not resolved. No contributions to the pension system for this category of citizens are paid in Kazakhstan and Kyrgyzstan. In Armenia, Belarus and Russia, contributions are paid, but the pension is not exported. If a person worked in another country and then returned to his homeland, the contributions paid are not taken into account when determining the amount of the pension. The pension agreement is intended to solve this problem.

In addition, we have to analyze the barriers that arise during the movement of citizens and exercise of occupation by them. For example, opportunities for a citizen who works in another country of the Union to fully realize his social rights, including the right to education, to social protection, to health care, to work. This also applies to the possibility of obtaining loans when working in other countries,

the possibility of opening accounts and transferring funds within the Union.

Issues related to the work of drivers and recognition of driver's licenses are occasionally discussed in the countries of the Union. How is this problem being solved now?

Restrictions on the work of drivers are periodically initiated in various countries of the Union. At the same time, first, it is clear that these restrictions contradict the Treaty on the EAEU, and, second, attempts to unify legislation in this area are unnecessary in principle, because all our states have signed the Vienna Convention on Road Traffic. By this, countries warrant that persons who receive a driver's license have the necessary theoretical knowledge and practical skills to safely participate in road traffic. At the same time, we believe that heightened requirements are possible for certain categories of drivers, for example, for drivers of school buses or special vehicles.

Timur Mekeshevich, your block also deals with intellectual property issues in the EAEU. What results have been achieved?

In 2018, the parties made a decision to sign the EAEU Agreement on Trademarks, Service Marks and Appellations of Origin of Goods. Manufacturers of goods will have the opportunity to receive exclusive rights to a trademark in all Union States through one registration instead of five and this will have a favorable effect on the business activities.

We are expecting the entry into force of the Agreement on the management of copyright and related rights on a collective basis. Work is also underway to create a common customs registry of objects of intellectual property of the EAEU States, which will prevent the entry of counterfeit products into the EAEU market.





Alexander Subbotin,

Minister in charge of Industry and Agricultural Sector

- ▶ Born on May 23, 1976 in Vitebsk.
- ▶ He graduated from the Vitebsk State Academy of Veterinary Medicine and the International Institute of Management. Doctor of Biology.
- ▶ From 2001 to 2015, he worked his way from teaching assistant to vice-rector for research of the Vitebsk State Academy of Veterinary Medicine. He worked in the Executive Office of the President of the Republic of Belarus, served as Deputy Minister of Agriculture and Food, Assistant to the President of the Republic of Belarus.
- ▶ On September 13, 2018, he was appointed a Member of the Board (Minister in charge) for Industry and Agricultural Sector of the EEC.
- ▶ He is married and has two daughters.
- ▶ In his free time he does sport and takes to literature, he is interested in numismatics.

Alexander Mikhailovich, what is the Interstate Program in the Field of Earth Remote Sensing and why does the Union need it?

This program is a step to keep the leadership in space exploration. Once we were together and we were the first. I hope that now we will stay first.

As for remote sensing of the Earth, this is, first, a high-demand product. But, as practice has shown, each separate country is not so much effective. Not every country has satellites that can make this sensing. And even those who have them cannot receive information in the required volume and quality. As a result, each party separately does not receive significant results in this matter. Therefore, we initiated the implementation of such a joint program.

At the first stage, we plan to put together what we have. The leader here is Russia. It has the most satellites, there are scientific schools for the development and launch of new satellites in its territory. That is, we collect everything we have into a single integrated system and start to work together.

The second stage is creation of a unified electronic database, where any entity or individual

can apply for a service. This may be a farmer who monitors the condition of his facilities. This may be representatives of the Ministry of Emergency Situations who monitor the situation. This may be social services and so on.

At the third stage, all this will allow us to concentrate efforts, keep and increase scientific schools, attract there young people who will begin to develop new projects. Of course, on the top of everything there will be a joint competitive breakthrough product.

Can EAEU satellites appear in the future?

I think they can. We have been moving towards an agreed common policy for 5 years. We are going to create products under the EAEU brand as well. EAEU jewelry brand, EAEU satellite or a service in the field of geoinformation sounding of the Earth – this will be a good move and an indicator of the effective work of our Union.

What is industry 4.0 and how is it going with the digitalization of industry in our countries?

Industry 4.0 is the digitalization. In the modern world, only those survive who begin to digitize actively all their processes, who robotize as many operations as possible thus removing the human factor. This greatly increases product competitiveness and quality.

But, unfortunately, only every seventh company is ready for digital transformation. Therefore, our objective is to help companies move to this new technological structure as quickly and easier as possible.

To do this, we prepare various information and technology platforms. There is an initiative to create a company readiness rating for the transition to industry 4.0. What is it for? In order for companies to know where to go. In order to analyze the experience of leading companies, understand where to pay attention, see their own problem issues.

And in parallel, we are working on the creation of electronic resources for the most successful projects, preparing uniform guidelines for our industrial and agricultural sector enterprises.

What is food security and what is its importance to people?

Food security is not just providing people with food. This is primarily one of the main parts of the national security of any country. Governments of our countries have always paid considerable attention

to food security, because huge resources are spent from the budget for the purchase of food products, if they are not produced in the country.

We have achieved quite good results in this direction. The percentage of coverage in the Union is already more than 90%. We fully provide ourselves with eggs, poultry, grains, potatoes, some types of vegetables, sugar and vegetable oils. Those areas where capacity is growing slowly, for example, the dairy and meat sphere, are not covered. Problems also remain in those sectors and those products that are not produced in the territory of our Union. This, for example, some sorts of fruits.

It is especially important for food security to maximize the opportunities of our common market, so that countries could easily exchange products in the event that they are in short supply somewhere and there is an excess of production elsewhere.

How well is the Internet of Things market developed in the Union?

The market of things is quite a new trend, but we are deeply immersed in it already.

Everyone has a smartphone, many have smart houses. Someone turns heating on via the Internet and so on. And in a few years, according to the forecasts of futurologists, almost every machine at the plant, each line will work via the Internet. And every person will have in everyday life at least 5-7 devices in the Internet of Things.

On the territory of our Union, this market is estimated at about US\$ 100 billion. Accordingly, this is quite a titbit. And, of course, not only our companies, but also Western corporations struggle for it. We need to try to defend our territory. It is obvious that together we will achieve much greater success.





Veronika Nikishina,

Minister in charge of Trade

- ▶ Born on April 29, 1968.
- ▶ Graduated from D. Mendeleev Institute of Chemical Technology of Moscow with a degree in Biotechnology, PhD in Economics.
- ▶ Ms. Nikishina held a range of senior positions in the Ministry of Economic Development of the Russian Federation, including Deputy Head of the Department of Trade Negotiations, Head of the Department of the Americas, Head of the Department of Coordination, Development and Management of Foreign Economic Activity.
- ▶ Prior to her appointment to the Eurasian Commission she served as Aide to First Deputy Prime-Minister of the Russian Federation.
- ▶ She is fond of active sports, climbing, cycling. Ms. Nikishina is a member of the Board of Trustees of the Charity Fund to help homeless animals.

Veronika Olegovna, in 2018 our Union increased the exports of goods to third countries. Could you tell us which EAEU goods are in demand in the global market?

It is believed that our main export commodities are energy resources, however, it is not entirely correct. We observe the rising figure of other products, which start to win the markets of third countries.

For example, exports of metals grew by 15%, chemicals, primarily fertilizers and petrochemicals, by 17%, food and agricultural products by 22%.

We can offer other items to the consumers of the third countries. For example, the result of the FTA's work with Vietnam was unexpected for us. We saw an increase in commodity items that were not previously present within our exports to this country. It includes bicycles, spare parts for cars, bolts, nuts, tires. It means that products of small and medium-sized businesses of our countries have become in demand in the Vietnamese market.

Speaking of the FTA, what did you manage to do in 2018 and what are the plans for the coming year?

Last year, following very intensive negotiations, we signed agreements with China and with Iran. The plans for 2019 include negotiations on

agreements with Serbia and Singapore, which we hope to sign at the end of the year. We also plan to substantially complete negotiations with Israel and Egypt prior the end of the year.

The key moment for us is the scope of agreements. We believe that we are obliged to use the window of opportunity, which is now available, to offer businesses new trade regimes. Therefore, we have an intense work schedule: we spare no effort and expect the same from our partners.

What do you think about the FTA with MERCOSUR? To be or not to be?

In December last year, we signed the Memorandum on Trade and Economic Cooperation with MERCOSUR. This was, I believe, a landmark event for the EAEU, now we have our own dialogue format with a very influential economic union in Latin America. However, we have decided to stop here for now. The research work, which precedes the decision to enter into negotiations, does not clearly show that we should go further and negotiate free trade area agreement.

Veronika Olegovna, we know that behind every signed document there is a huge, but invisible for others, work of your unit. What is the most difficult thing in the work of a negotiator?

Things that precede the negotiation, I mean, a very careful analysis, study of the possible gains and losses for each of the countries of the Union due to the possible change in the trade regime.

As for the negotiations themselves, each track has its own unique features and is difficult in its own way.

When we negotiated with Iran, we set a goal to complete them in a fairly short time. In this regard, we had very intense meetings in frequency. Each of the seven rounds took us three or four days. We worked every day from early morning until late evening, sometimes we finished work at midnight. And the next day we met again and negotiated again. It was exhausting, but we made a very good agreement, and both we and our Iranian partners are satisfied with it.

How is the work structured to protect the EAEU domestic market against imports from third countries?

Decisions made to protect the economic interests of the EAEU manufacturers always require a balanced approach and a thorough assessment of the market situation. The protective measures may be used only following an investigation. And the investigation itself is a long and rather complicated procedure, which

involves the collection and verification of a large amount of information from all interested persons, such as manufacturers, consumers, importers, foreign manufacturers and exporters.

In case of unfair competition from foreign suppliers anti-dumping and countervailing measures are applied. Safeguard measures may be introduced if the import to the EAEU market has grown significantly.

Now there are 16 anti-dumping measures in force that protect, for example, the products of metallurgy, automobile industry, mechanical engineering and other industries.

Another key focus area of your work is digital labeling of goods for the purpose of identification and traceability. Please tell us what is its business benefit?

It is no secret that there are many product segments in which "grey" turnover share is quite considerable. It is sometimes unprofitable for a bona fide market participant to conduct business. Digital labeling is an effective tool to clear the market, remove poor quality, adulterated, counterfeit products and thus enable legal business to grow. By the way, the initiator of the marking is often the business.

Did the results of the pilot project on digital labeling of fur coats meet expectations?

In 2016, we launched this project, and by the end of 2018, we ourselves were struck by the statistics. We found that the market legal trade turnover increased 8 times. The number of entities that were registered as legal operators in the market increased from 1.5 thousand in 2016 to 13 thousand in 2018. It is nearly ten-fold! Tariff revenues to budget increased. Our budget was short of at least US\$ 7 million.





Viktor Nazarenko,

Minister in charge of Technical Regulation

- ▶ Born on July 1, 1958 in the village Alexandrovka, Kalinkovichi district, Gomel Region of the Belarusian SSR.
- ▶ He graduated from the Gomel Machine-Building Technical School and the Academy of Public Administration under the aegis of the President of the Republic of Belarus.
- ▶ In 1976, he joined the Gomselmash Production Association where he worked his way from Repairman to Deputy Director General for quality. Then he held the office of Deputy Director of the Belarusian State Institute of Standardization and Certification. Since 2006 he worked as First Deputy, and then Chairman of the State Committee for Standardization of the Republic of Belarus.
- ▶ Since September 12, 2018, he is Member of the Board – Minister in charge of Technical Regulation of the Eurasian Economic Commission.
- ▶ Married, has two sons, a grandson and two granddaughters.
- ▶ He likes country trips, enjoys sports.

Viktor Vladimirovich, what are the advantages of the EAEU technical regulation for business?

The regulatory system that our countries have adopted is a serious step towards business. It is structured in such a way that only safety is mandatory in regulatory documents.

It cannot be denied that the public process of drafting and accepting documents has played a major role. In addition, the business has the possibility to see what to expect in the future, as each regulation comes into force after a certain period of time. This should be sufficient time for any enterprise to prepare.

Today, the Union has adopted 47 technical regulations. They cover 45 types of products out of 66 included in the Common List of Goods, for which uniform requirements are established and uniform conformity assessment rules apply.

What are the advantages of the single system?

A huge benefit of the uniform regulations is that the issues of product supply based on one document within the framework of the entire Union are nearly resolved. You can apply in any country, you can contact any conformity assessment body, which

is included in the register, and, having received one document or having accepted the EAEU declaration, have the right to deliver products to any country. I note that we tried to make the level of requirements as high as possible, but at the same time achievable for business.

And by the way, when we made not all requirements mandatory, it became possible to create innovative products. I mean, entrepreneurs have no limits on indicators, applications, consumer characteristics. According to the law, the only thing that is mandatory is to make products safe, and then you can use all your imagination to create the product. If the consumers like, let them buy.

How does the product conformity declaration system work?

When the EAEU chose the conformity assessment procedures, it was based on the capabilities of small and medium-sized businesses. That is why most of the products are declared now. This is a form of conformity assessment that is performed by the manufacturer or supplier. On the basis of certain documents related to testing, the manufacturer or supplier accepts the Declaration and thereby ensures that the products are safe. Then they register and deliver products to the market.

If we compare the technical regulation in the EAEU and the EU, is there a significant difference in the requirements?

Our systems are based on more or less the same principles. We have our own very good practices, and the European Union has their own good practices. At the same time, we and our colleagues from the European Commission agreed that we would exchange experience, as our experience and our new developments are often even better than theirs. For example, we see that today the EU is reviewing the issues on market surveillance, requirement regulation, conformity assessment and so on. And we, in turn, are also finalizing these issues.

What decisions are planned to be taken in the field of sanitary, phytosanitary and veterinary measures in the near future?

If we talk about the block related to veterinary measures, we believe that the main efforts should be aimed at regulation in the field of compliance with the safety requirements of raw materials and unprocessed food products. This will allow, firstly, to ensure the safety of the finished product and, secondly, to avoid numerous additional tests, studies and inspections of the finished product.

In the field of sanitary measures, many positive decisions have been identified. Our food safety regulation system is multi-level, therefore, it is very important to link all these levels and the assessment procedure so that they are not burdensome for business, but at the same time act as a guarantor of product safety.

In the field of phytosanitary measures, systematic work will continue to update quarantine items and the requirements on them. The scope of supply is very large, the products are very different, so the cooperation of countries in this field is quite effective.

Viktor Vladimirovich, the activities of your unit are directly related to the protection of consumer rights. How is this work organized in the EAEU?

First of all, our task is to make sure that the consumer is informed and has the possibility to make deliberate choice when buying goods. Therefore, we have a separate regulation on the product marking, which specifies what information should be included on the package.

In addition, we are engaged in the establishment of the legislative framework for the creation of the common market of medicinal products and medical devices. This topic is of concern to our consumers. We hope that when the market is created, the availability of medicinal products and medical devices will increase while their price will decrease.

We have a unit that studies the approaches to protection of the consumer rights and development of those fields that need regulation at the supranational level. Our experts, together with experts from the Union countries, have developed recommendations in the field of electronic commerce, vulnerable consumer groups, and so on. Our ultimate goal is to make citizens live better in the EAEU.





Mukai Kadyrkulov,

Minister in charge of Customs Cooperation

- ▶ Born on July 17, 1967 in Osh, the Kirghiz SSR.
- ▶ He graduated from the 50th Anniversary of the USSR Kyrgyz State University (now – Kyrgyz National University named after Jusup Balasagyn) with a degree in History and the Russian Customs Academy with a degree in Customs. He received the Master's degree in the Laws in the Russian Customs Academy.
- ▶ He began his professional career as a customs clearance specialist. In 1997 he took office in the customs services of the Kyrgyz Republic. He worked his way from non-management inspector to the First Deputy Chairman of the State Customs Service under the Government of the Kyrgyz Republic.
- ▶ Married, has a son and a daughter.
- ▶ He is fond of history and geography.

Mukai Asanovich, the major event for the Five Eurasian countries was the entry into force of the EAEU Customs Code (CC EAEU) in 2018. Let me ask a very naive question? The Code came into force with chiming bells on New Year's Eve, and what happened at that moment at the border? How were the carriers, who was in transit when the legislation changed, and the customs officers, who were on duty at the border, notified? And what time zone did the process of changing legislation take place?

The border was not blocked (smiles).

Throughout the Union, the CC EAEU entered into force on local time. That is, first of all, the new customs legislation was adopted in Vladivostok, and later – in Kaliningrad.

Carriers who submitted documents to the customs authorities before midnight, passed by the old rules, the rest passed by the new ones.

A complete transition to all the technical innovations that were set out in the CC EAEU is not a one-step process. This problem simply could not have arisen when a FEA participant prepared one package of documents, and after chiming bells it would turn into "pumpkin" and it was necessary to prepare completely different documents as a matter

of urgency. So, there could not be any problems to cross the border on the New Year's Eve.

Did the Commission coordinate this process in any way?

Our main task was to synchronize the entry into force of the CC EAEU throughout the Union. To this end, after the signing of the Treaty on the Customs Code of the EAEU, the heads of states made a joint statement on the desire to ensure the completion of ratification procedures so that the Code entered into force on January 1, 2018 throughout the Union. During December 2017, the Commission received ratification instruments from countries through diplomatic channels.

The EEC set up a duty group of employees from customs, legal, technical and information units, which recorded the receipt of the last instrument of ratification and made all the necessary legal procedures. At 00:00 on January 1, all information resources of the Union published information that the Customs Code of the EAEU has entered into force, and all mass media entities received information statement that the new customs legislation has been adopted.

That is to say, the holiday came later for someone from the Commission employees, didn't it?

Service provides an obligation.

The Union has worked under the new customs rules for the year. At the same time, as you noted, the full transition to the new legislation is not a one-time process. At what stage is the Union now and is it possible to sum up any results?

The new Code has unified a large number of customs processes. Those norms that were previously regulated at the national level were transferred to the supranational. The competence of the Commission in the field of customs regulation has been expanded.

This competence may be conventionally divided into two blocks. Issues of the first level (that is, those without which the CC will not work) and of the second one (decisions that should provide technological modernization of customs regulation in the Union).

Primarily, the Commission and the countries have worked out a block of the first level issues. About 80% of those Codex norms that required the rapid development of EEC decisions were adopted.

Now we are focused on the competence of the second level, which, when it is fully implemented, will

allow the Union to move to a radically new level of regulation and implementation of foreign economic activity. So far, only 20–30% of this block has been implemented. The EEC, together with countries and businesses, has identified a list of issues from this block for which solutions will be developed in 2019. Therefore, it is too early to make any conclusions. We aim to see it through to the end.

How long will this process take?

According to our estimates, the development of solutions, formats and structures of electronic documents under the new Customs Code will last until 2021–2022. Based on these decisions, customs services will have to improve their information systems. At the end of this long process, we must implement full automated customs regulations in the Union.

What is the role of business in this process?

Today, no meeting of the customs block is held without representatives of the business communities of the Five countries of the Eurasian Economic Union. This is our position of principle. In December 2013 (1st meeting on the EAEU Customs Code – ed. note) for the first time in the history of post-Soviet countries, the business community has received a real, rather than a formal possibility to participate in the development of the International Treaty both at the stage of developing the concept and at the stages of introducing specific wordings.

Representatives of business associations of the EAEU countries meaningfully substantiated their proposals. Most of them are reflected in the CC EAEU. It became possible primarily because the participants of foreign economic activities linked all the risks that customs saw with their obligations. In fact, today the business and customs of the EAEU countries interact according to the rules agreed in advance, which have been jointly developed and are now put into effect.

The format has justified itself, so we have kept it and extended it to all regulatory legal acts in the field of customs regulations, which are now being developed and will be developed at the all-Union level.



Emil Kaikiev,

Minister in charge of Energy and Infrastructure

- ▶ Born on April 14, 1969 in Frunze, Kirghiz SSR (at present – Bishkek, Kyrgyz Republic).
- ▶ He graduated from the Kyrgyz State University (Faculty of Physics and Mathematics) and the International University of Kyrgyzstan (international law).
- ▶ In 1997, he started his carrier at the Ministry of Foreign Affairs of the Kyrgyz Republic, where he worked his way from an expert, an attache to an Acting State Secretary of the Ministry of Foreign Affairs of the Kyrgyz Republic.
- ▶ Since February 20, 2018 he was appointed the Member of the Board – Minister in charge of Energy and Infrastructure of the EEC.
- ▶ He is married and has three children.
- ▶ He maintains healthy lifestyle, enjoys reading books.

Emil Abdykalyevich, the establishing of common markets for gas, oil and petroleum products is one of the controversial issues in the EAEU. What are common markets for? What will they give to entrepreneurs of our countries?

If we talk about the common gas market, it will first of all provide an opportunity to proceed to market, including exchange, pricing mechanisms, to ensure fair competition and non-discriminatory access to gas transportation systems, and the formation of exchange indicators. This, in turn, opens up opportunities for the development of small and medium-sized businesses.

Considering that the cost of primary energy resources strongly affects the competitiveness of electric power producers, with many power plants operating on gas, the common market will also contribute to the formation of market prices for gas for consumers throughout the Union. Thus, it will create equal conditions for electric power producers on the basis of gas generation in all States.

In addition, markets for independent gas producers will expand and investment will increase due to the development of gas chemistry and gasification of

new regions in the territories of the Union States.

As for establishing common markets for oil and petroleum products of the Union, the main task is to abolish state regulation of prices for petroleum products. Not all States have adopted this provision. In addition, non-discriminatory access to infrastructure will be ensured. The organization of exchange trade, the transition to market pricing for petroleum products will increase the availability of energy resources for economic entities of the Union States and the population, expand markets for independent producers of oil and petroleum products. As a result, this will affect the decline in prices for petroleum products for end users.

We also expect that the prices within the domestic market will be less dependent on fluctuations of world prices, new jobs will be created, and the revenues of state budgets will increase.

International treaties on common markets for gas, oil and petroleum products should enter into force no later than January 1, 2025.

What will be the advantages of establishing the common electric power market? How will it affect people's lives?

We expect that the common electric power market will increase the efficiency of the use of current capacities and the level of power supply reliability. It will also reduce the cost of electric power, optimize investment and set up collective energy security.

One of the most important documents, which was adopted in 2018, is the Shipping Treaty. When will it start working and what advantages will it give?

First of all, I would like to note that representatives of the business community took an active part in the development of the Treaty, so the document addresses the concerns of entrepreneurs in full. Currently, the Treaty is under ratification in the Member States.

It is based on a simplified mechanism of mutual access of vessels tracking and tracing on inland waterways. The Treaty goes as follows ships flying the flag of the EAEU shall have the right to transport cargo, passengers and their luggage, and towing on adjacent inland waterways. In addition, transit passage on inland waterways and separate bilateral transport may be possible. The parties shall ensure the same conditions for the provision of regulated services on inland

waterways in accordance with the legislation of the States of the Union. Currently, such passage is carried out in accordance with the acts of the government on an ad hoc basis.

It is planned that the procedure for accessing will be reduced 6 times, from 60 days to 10 days, compared with the current situation. The Treaty also regulates the issues of mutual recognition of ship documents and qualification documents of the captain and crew members.

We believe that the Treaty will contribute to the development of intermodal transportation, transit and optimization of cargo flows together with the established conditions of simplified access to the sea ports of the Russian Federation, the unified tariffs applied in the EAEU for the carriage of goods by rail and the developing system of transport and logistics centers ("dry ports").

Today, motor-vehicle transport provides more than 80% of the total freight traffic, in this regard, the condition of roads is of great importance. Could you tell us about the recommendations to the roads that will be included in the list of Eurasian transport corridors?

The EEC has adopted these recommendations in 2018. The purpose of the document is to develop and ensure the safety of the road infrastructure of the Union States. The recommendation provides that in the future, the States of the Union will consider, in particular, the average level of road traffic, the calculated (normative) load value on a single axis, and the requirements for road infrastructure (public catering, gas stations, motels, service stations), when drafting proposals for the inclusion of roads and routes in the list of Eurasian transport corridors.



Karine Minasyan,

Minister in charge of Internal Markets, Informatization, Information and Communication Technologies

- ▶ Born on August 29, 1965 in Yerevan, Armenian SSR.
- ▶ She graduated from the Moscow Institute of Management named after S. Ordzhonikidze with a degree in business administration in the engineering industry.
- ▶ She held senior management positions in the Central Bank of the Republic of Armenia, was Deputy Minister of Economy of the Republic of Armenia, participated in the negotiation process on the accession of the Republic of Armenia to the Customs Union and the Common Economic Space of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation.
- ▶ Before being appointed a Member of the EEC Board, she held the position of Advisor to the President of the Republic of Armenia on integration issues.
- ▶ She is married.
- ▶ Her hobby is painting.

Karine Agasiyevna, can the deepening of cooperation within the EAEU be a factor in increasing the competitiveness of the economies of the Union States?

The answer to this question directly depends on whether we believe in the digital transformation of economic relations. Because digital transformation is not only the introduction of technology, it is primarily new models of building global business, its financing, direct relationships with consumers, end-to-end networks of cooperation between all participants.

It is digital ecosystems that are the crucial factor of competitiveness today. Systems of interconnected platforms and their participants offering new models of the life cycle of turnover, generating the basic resource of the new economy — data and information, setting trends and creating demand, reducing costs for the traditional economy are key actors in the modern economy. It is them who set the new rules, and therefore, manage the processes. I would underline that the existing models of regulation of economic relations serve the traditional economy, and don't cover most of the elements of value creation.

These systems accumulate on a global scale basic knowledge of our behavior, consumer preferences, the environment in which we exist, and this is what

becomes a key competitive advantage. Through various digital channels, including social interaction, these systems start to manage our preferences, and therefore, manage demand.

Why are data and information in the new economy so important?

People move from the consumption of goods to the consumption of technology and product information derived from technology. The consumer is willing to pay more for knowledge about the product life cycle, where it is manufactured, whether it is toxic from the point of view of rights and freedoms.

And a growing share of added value is composed of services, which, as a matter of fact, are acquired together with the goods. Auto giants are ready to sell cars at a price close to the cost price, and localize their production in our countries, because global players are building strategies to receive added value through services related to the subsequent operation of this product. The greatest value will be created at the stage of their service. Therefore, the more technologized the product is, the more the client will later pay for the service — he will pay in the ecosystem created by these industrial giants. And the information that each sensor on the car will accumulate, will be used to create a new, even more advanced car.

How many industrial enterprises in the Union work in this paradigm, is there at least one ready digital ecosystem?

By asking ourselves this question, we came to understanding of how to move forward. It is necessary to create Eurasian ecosystems — this is the only way to stay competitive in the future.

Ecosystems are not just trading platforms, they are sets of services that include all the parts of creating added value: from reliable information about preferences, promotion of goods and services, shortest delivery routes, price, to the most acceptable transactional schemes for customers and much more.

Production also turns to the digital transformation. We are witnessing the creation of industry platforms based on systemic groups and associations. They form industry standards and are ready to cooperate only with those enterprises that comply with these standards. The basic trend in these ecosystems is work in the industry 4.0 paradigm, work with digital twins of the manufactured products and services. The introduction of these technologies is saving time and money and security throughout the product life cycle.

Digital cross-sectoral ecosystems are a chance to ensure the competitiveness of entire industries in the Union States. It is obvious that global players understand how and where to go, so our objective is to care about the basis of our economy, medium and small businesses that create workplaces.

But why create such large-scale projects? Isn't it easier and more efficient to create digital ecosystems inside the country?

Even a large country creating a closed internal system will not be able to win on the global market in the competition of ecosystems, and this is already obvious for Russia. The digital economy is an economy of scale. Creating an ecosystem for at least five countries can prove its viability and make it attractive for partners throughout the Eurasian continent.

The simplest projects that we implement at the Union's platform prove this thesis, since scaling requires special competencies, requires support including financial one from regulators of all countries.

We need to create Eurasian ecosystems with A grade and enter international markets with them to build global partnerships. The presidents of our countries have already put this task before us in the Main Directions for the implementation of the digital agenda.

A start has been made, projects have started. We hope that the first results will accelerate the process of digital transformation.



EAEU Highlights

What is the EAEU?

The Eurasian Economic Union is the international organization of regional economic integration with international legal personality incorporated by the Treaty on the EAEU.

The Treaty was signed by the heads of states of Belarus, Kazakhstan and Russia on May 29, 2014 in Astana and entered into force on January 1, 2015. On January 2, 2015, Armenia became a Member State of the EAEU and Kyrgyzstan – on August 12, 2015.

The Union carries out its activities exclusively within the limits of competence granted by the Union States, which is clearly stated in the Treaty on the EAEU.

Why was the EAEU created?

Having created the Eurasian Economic Union, independent States delegated a part of their powers to the regulatory body, the Eurasian Economic Commission, in order to secure four freedoms and pursue coordinated policy in key sectors of the economy in the common interests.

Which states are the EAEU Members?

Republic of Armenia



- ▶ Territory: 29,700 sq. km
- ▶ Population: 2.973 million
- ▶ Capital: Yerevan, population 1 million

Republic of Belarus



- ▶ Territory: 207,600 sq. km
- ▶ Population: 9.492 million
- ▶ Capital: Minsk, population 1.9 million

Republic of Kazakhstan



- ▶ Territory: 2,724,900 sq. km
- ▶ Population: 18.157 million
- ▶ Capital: Nur-Sultan, population 1 million

Kyrgyz Republic

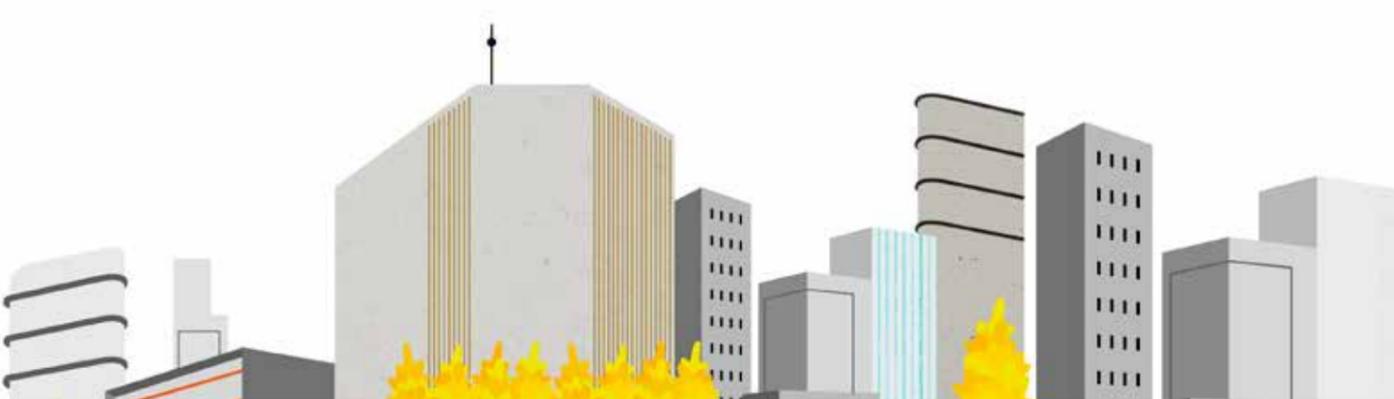


- ▶ Territory: 199,900 sq. km
- ▶ Population: 6.257 million
- ▶ Capital: Bishkek, population 1 million

Russian Federation



- ▶ Territory: 17.1 million sq. km
- ▶ Population: 146.880 million
- ▶ Capital: Moscow, population 12.1 million



Lecture by the First President of Kazakhstan Nursultan Nazarbayev at Moscow State University

Treaty on the Customs Union (Belarus, Kazakhstan and Russia)

Treaty on the Customs Union and the Common Economic Space (Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan)

Court of the Eurasian Economic Union

The Court of the Eurasian Economic Union is the permanent judicial body of the Eurasian Union. Its objective is to ensure uniform application of the law of the EAEU in the Union.

The beginning of work of the EEC

The beginning of the functioning of the Common Economic Space (Belarus, Kazakhstan and Russia)

Signing of the Treaty on the Eurasian Economic Union (Belarus, Kazakhstan and Russia)

The beginning of work of the EAEU

Accession of Armenia to the EAEU

Accession of Kyrgyzstan to the EAEU

Eurasian Economic Commission

The Eurasian Economic Commission is a permanent regulatory body of the Union, aimed to provide the conditions for the functioning and development of the Union and to develop proposals for further economic integration. The Commission consists of the Council and the Board.

1994

1995

1999

2000

2010

2011

2012

May 29, 2014

Jan 1, 2015

Jan 2, 2015

Aug 12, 2015

Jan 1, 2018

Dec 6, 2018

Treaty on the creation of the Eurasian Economic Community (EurAsEC)

Creation of the Customs Union (Belarus, Kazakhstan and Russia)

Treaty on the Eurasian Economic Commission (Belarus, Kazakhstan and Russia)

Declaration on the Eurasian Economic Integration

Eurasian Intergovernmental Council

The Intergovernmental Council is the body of the Union at the level of heads of government. The Intergovernmental Council ensures the implementation and control over the implementation of the Treaty on the Union, international treaties within the Union and the decisions of the Supreme Council. Meetings are held as and when needed, but at least biennially. The Council is headed by a Prime Minister who is rotated annually in accordance with the rotation of the Chairman of the Supreme Council.

Supreme Eurasian Economic Council

The Supreme Council is the supreme Body of the Union, which includes the heads of the EAEU Member States. The Supreme Council considers the main issues of the Union's activities, determines the strategy, directions and prospects for the development of integration and makes decisions aimed at realization of the objectives of the Union. Meetings of the Supreme Council are held at least annually. Meetings are held chaired by of the Chairman of the Supreme Council. Heads of state chair the Supreme Council on a rotational basis following the Russian alphabetical order.

Entry into force of the EAEU Customs Code

Signing of the Declaration on the further deepening of integration processes in the EAEU (Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia)

List of Abbreviations

ASEAN means the Association of Southeast Asian Nations

EAEU means the Eurasian Economic Union

EU means the European Union

MERCOSUR means the Common Market of South America

CIS means the Commonwealth of Independent States

WTO means the World Trade Organization

EEC means the Eurasian Economic Commission

SEEC means the Supreme Eurasian Economic Council

EIC means the Eurasian Intergovernmental Council

CIS Executive Committee means the Executive Committee of the Commonwealth of Independent States

UNCTAD means the United Nations Conference on Trade and Development

FAO means the Food and Agriculture Organization of the United Nations

AS means the agricultural sector

FEA means Foreign Economic Activities

ERS means Earth remote sensing

ETP means the European Technology Platform

FTA means Free Trade Area

R&D means Research and Development activities

RIA means Regulatory Impact Assessment

SPS measures means Sanitary, Phytosanitary and Veterinary Measures

CC EAEU means Customs Code of the Eurasian Economic Union

DS means digital signature

SREB means Silk Road Economic Belt

B2B means Business to Business

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