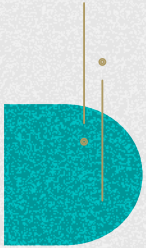


eec

EURASIAN ECONOMIC
COMMISSION



2020



EURASIAN
ECONOMIC
UNION



FACTS AND FIGURES



INTEGRATION
AND MACROECONOMICS



CONTENTS

- 2 ● Integration as the Driver of Progress
- 4 ● The EAEU Position in Global Rankings
- 6 ● Integration Indicators
- 7 ● Policy Papers of the EAEU
- 11 ● Macroeconomic Framework for Advanced Development
- 17 ● Macroeconomic Sustainability as a Basis for Economic Growth
- 21 ● Achieving the Sustainable Development Goals in the EAEU
- 24 ● Development of International Cooperation



INTEGRATION AS THE DRIVER OF PROGRESS



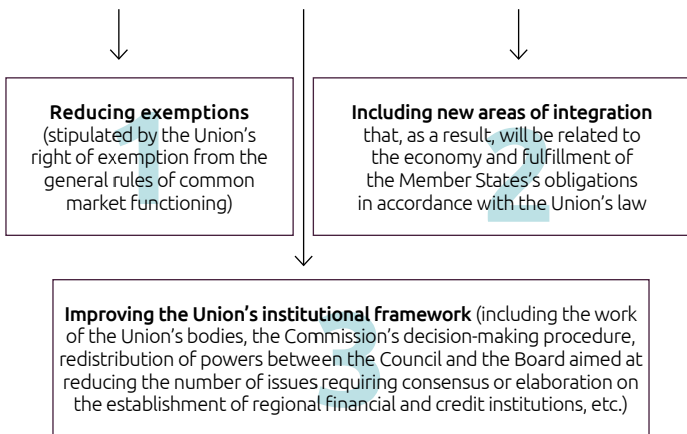
Thanks to joint efforts, favorable living and working conditions are created for citizens of the EAEU countries, mutual recognition of education documents ensured, and the Pension Agreement signed

The Eurasian Economic Union is a new element in the history of Eurasian integration. The EAEU marked its sixth anniversary in 2020. A lot has been done since the establishment: two countries joined the Union—Armenia (on January 2, 2015) and Kyrgyzstan (on August 12, 2015), the new Customs Code entered into force, the obstacles in the domestic market removed and the market of services liberalized, common markets of medicinal products and medical devices launched, electricity market is being developed, transparent rules of labor market regulation established, common measures of common market protection and control in cross-border markets are in place, along with the Union’s digital agenda evolution.

A strategy for working with key partners from foreign countries, international organizations and associations has been defined, as well as a network of agreements and memoranda is being deployed. International recognition of the Union has been ensured.

These days, the most important thing is to continue what we have started with more effort and do not stop, as the integration is about progress. For the purpose of giving a new impetus to the development of the Union, it is necessary to build and deepen the cooperation between the Member States in a variety of areas, which will make it possible to achieve all the Union’s goals set out in the Treaty on the EAEU of May 29, 2014.

FOR FURTHER DEVELOPMENT OF INTEGRATION PROCESSES WITHIN THE UNION, THE FOLLOWING IS REQUIRED

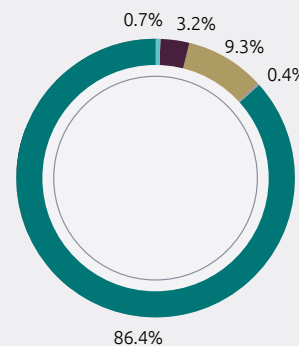


To carry out these activities, the Commission makes efforts to refine the Treaty on the EAEU of May 29, 2014 in order to eliminate gaps in legal regulation identified in the course of law enforcement practice, remove existing restrictions, expand the Commission’s powers in the areas agreed with the Member States, and make technical adjustments to certain provisions of the Treaty.

Comprehensive development and strengthening of the Union as a full-fledged integration association is aimed at achieving the conditions for stable growth of the EAEU Member States’ economies in the interest of improving the living standards and ensuring the development of the four freedoms **(at the domestic level)**; and increasing the competitiveness of the EAEU Member States’ national economies against the backdrop of the global economy as well as positioning the Union in the international community as a significant center that drives the development of the present-day world **(at the global level)**.



THE EURASIAN ECONOMIC UNION IN FIGURES (AS AT THE END OF 2019)



THE EAEU STATES (% OF THE EAEU GDP)

- Armenia
- Belarus
- Kazakhstan
- Kyrgyzstan
- Russia

2.2% (US)
3.7% (PPP US)
of world GDP

2.4%
global trade
(exports of goods and services, IS, US)

2.7%
workforce worldwide

3.8%
meat production worldwide (2018)

6.5%
global coal production

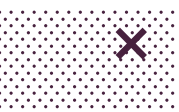
9.2%
potato production (2018)

12.1%
wheat production (2018)

14.5%
global oil production

20.2%
global gas production

38.2%
production of potash fertilizers



THE EAEU POSITION IN GLOBAL RANKINGS

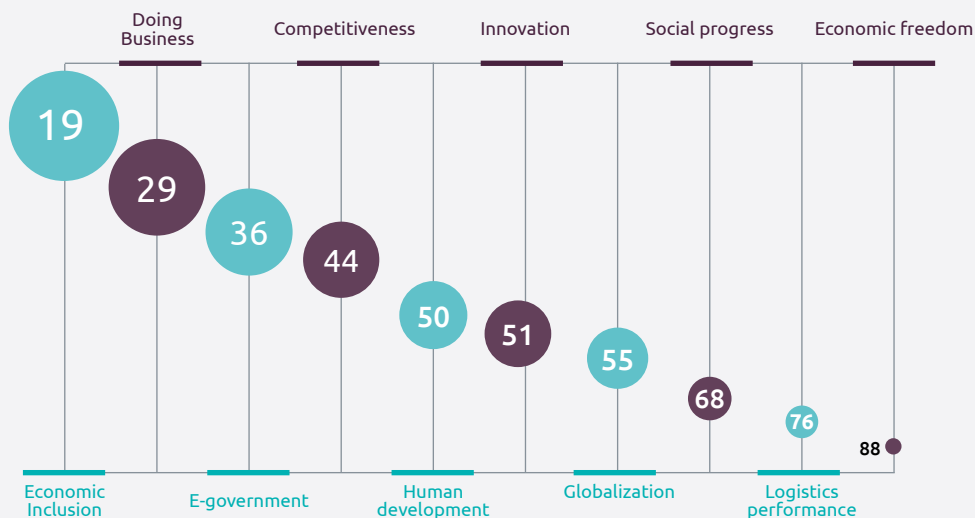


The EEC continuously monitors the EAEU Member States' positions in global rankings and calculates the consolidated position of the Eurasian Economic Union. The consolidated position in each ranking is calculated as the weighted average value of the EAEU Member States' positions in proportion to their contribution to the total GDP of the Union.

Ranking is a practical tool for comparative analysis of the EAEU Member States development, as well as for identification of priority areas of integration cooperation and factors limiting economic development of countries and the Union as a whole. Analysis of the Member States' positions in global rankings is also important in terms of highlighting their competitive advantages in comparison with leading developed and developing countries in the global economy.



THE EAEU POSITION IN GLOBAL RANKINGS AS OF DECEMBER 2020
(1 – THE BEST RESULT)



Based on analysis of the EAEU Member States' positions in global rankings, as of 2020, the most important achievements are the following:



The **Republic of Armenia** entered the top 20 countries of the world by the Fraser Institute's Economic Freedom Index (18th place out of 162 countries worldwide), as well as the top 10 countries by the "Starting a Business" indicator of the Doing Business 2020 ranking (10th place out of 190 countries worldwide).



The **Republic of Belarus** ranked among the top 30 countries according to the Atlas of Economic Complexity (29th place out of 133 countries worldwide), as well as by the "Trading across Borders" indicator of the Doing Business 2020 ranking (24th place).



The **Republic of Kazakhstan** ranked among the top 20 countries by the level of economic inclusion (15th place by the Inclusive Growth and Development Index), as well as in the top 30 countries according to the Doing Business 2020 ranking (25th place). Kazakhstan is one of the global leaders in terms of "Enforcing Contracts" and "Protecting Minority Investors" indicators (4th and 7th places, respectively).



The **Kyrgyz Republic** is in the top 10 countries by the "Registering Property" indicator (7th place), and in the top 20 countries by the "Getting Credit" indicator (15th place) according to the Doing Business 2020 ranking.



The **Russian Federation** is in the top 30 countries according to the Doing Business 2020 ranking (28th place), and one of the top 10 countries by the "Getting Electricity" indicator (7th place). Russia also belongs to the top 30 countries by the "Human capital and research" indicator (30th place) of the Global Innovation Index 2020.



In general, the **EAEU** is characterized by favorable conditions for doing business (the two largest economies in the Union are among the top 30 countries according to the Doing Business 2020 ranking) and enjoys good performance indicators in the field of education and ICT development.

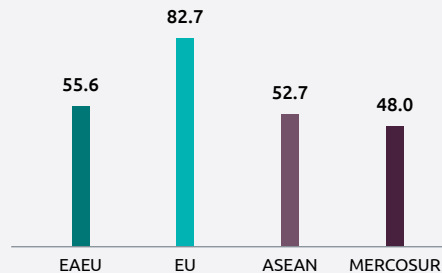
The EAEU Member States weaknesses, which are reflected in the lower positions in global rankings are following: financial market development, regulatory quality and government effectiveness, personal freedom and public health (the Prosperity Index).



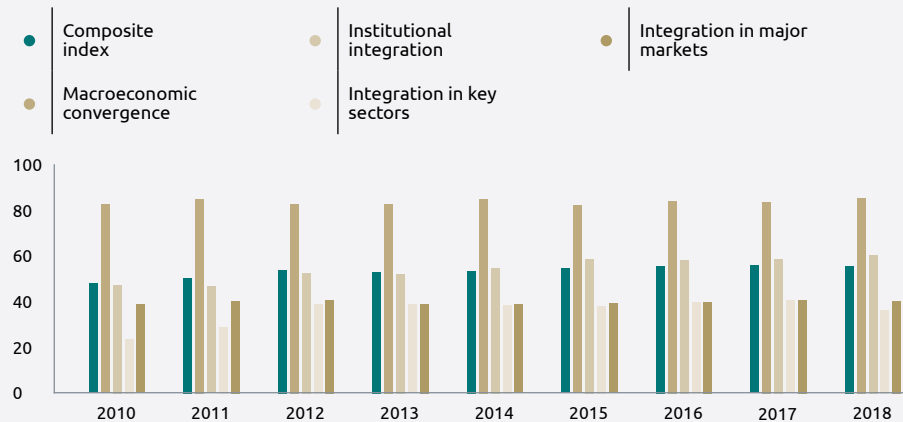
INTEGRATION INDICATORS

COMPOSITE INDEX

- » As of 2018, the European Union has been the world's most deeply integrated association.
- » The EAEU has secured the second position in terms of the integration depth.



THE EAEU INTEGRATION INDICATORS



- » The "Macroeconomic Convergence" has been assigned the highest values.
- » On the contrary, the depth of integration in the EAEU key sectors and major markets represents the major challenge.
- » The EAEU is moving along the path of deepening integration "from top to bottom", i.e. the institutional framework is being established at a faster pace than integration in common markets deepens.
- » Synchronization of integration processes requires the adoption of measures to remove barriers and restrictions deterring the movement of production factors within the EAEU common markets along with the introduction of supranational mechanisms to stimulate mutual trade and investment.

POLICY PAPERS OF THE EAEU

Implementation of promising ideas for further development within the EAEU is laid down in the Union's policy papers.

Declaration on Further Development of Integration Processes within the Eurasian Economic Union

It identifies the following key areas of the EAEU development:

- » ensuring maximum efficiency of the EAEU common market and provision of opportunities for both business and consumers;
- » creating a "territory of innovation" and encouraging scientific and technological breakthroughs;
- » unlocking the potential of integration for people, improving their well-being and quality of life;
- » shaping the EAEU as one of the most significant development centers of the modern world, open for mutually beneficial and equal cooperation with external partners as well as for new formats of interaction.

Joint Statement of the Supreme Eurasian Economic Council Members on the Occasion of the Fifth Anniversary of the Treaty on the EAEU

The Union's countries demonstrated commitment to:

- » improvement of the legal framework of the common market;
- » ensuring of comprehensive development of national economies;
- » provision of flexible and targeted support for the economic development in the EAEU Member States.

SAINT PETERSBURG



>>>

NUR-SULTAN



MINSK



Strategic Directions for Developing the Eurasian Economic Integration until 2025 (Strategy 2025)

The Strategy is important not only economically, but also politically and socially, as it provides for measures to consolidate the Union states' citizens and improve their well-being and quality of life.

First and foremost, it addresses the creation of an environment for the Member States to develop their economies, investment and innovative activities, competitiveness and scientific and production potential of the Union, thus enhancing its relevance.

The Strategy is a policy for the Union development over the next five years.



The heads of the EAEU Member States and the Chairman of the EEC Board said the following:

"I believe that the integration association (EAEU) is effective and has a great future. As Honorary Chairman, I will contribute to its further development."

Nursultan Nazarbayev, Honorary Chairman of the SEES, First President of Kazakhstan

"Speaking from the Armenian side, we consider the full implementation of the Strategic Directions for Developing the Eurasian Economic Integration until 2025 as a priority. This document is aimed at converging the levels of economic development in the Member States, expanding areas of economic cooperation, and improving the regulatory environment and institutions inside the Union."

Nikol Pashinyan, Prime Minister of the Republic of Armenia

"Strategy 2025 is both an action plan to deepen relations and a kind of a turning point in the recovery and faster development of economies."

Alexander Lukashenko, President of the Republic of Belarus

"Approval of the Eurasian Economic Union's Strategy until 2025 deserves special attention. All in all, I am pleased to note that a consensus has been reached on the whole set of issues that are sensitive to us. This once again confirms the desire of countries to give consideration to each other's positions and find compromises."

Kassym-Jomart Tokayev, President of the Republic of Kazakhstan

"In the EAEU, we are interested in creating conditions for steady economic development, increasing the volume of investments and lifting all obstacles to the free movement of goods, services, capital and labor."

Sadyr Zhaparov, President of the Kyrgyz Republic



"We support the draft Strategic Directions for Developing the Eurasian Economic Integration until 2025 prepared by the governments of the five countries, which envisages the creation of a common market of goods, services, capital and labor, as well as a common digital space within the EAEU. All this is targeted at stimulating the growth of our economies and, as a result, improving the well-being and quality of life of our citizens. Frankly speaking, this is our primary goal."

Vladimir Putin, President of the Russian Federation

"I would certainly like to express gratitude to the heads of the states as they have approved the Development Strategy of the Eurasian Economic Union until 2025. This is a truly historic moment for our integration activities. The document will deliver new solutions to many issues. And by this, I mean the transition to specific procedures of integration implementation."

Mikhail Myasnikov, Chairman of the EEC Board

Key Focus Areas of Strategy 2025

1. Eliminating the barriers and reducing exceptions and restrictions to the free movement of goods, services, capital and labor in the EAEU domestic market to the fullest extent.
2. Improving the efficiency of commodity markets.
3. Improving customs regulation in the EAEU.
4. Ensuring guarantees of quality, safety of the circulated goods and proper protection of consumer rights.
5. Developing a digital space in the EAEU, digital infrastructure and ecosystems.
6. Preparing flexible mechanisms for the purpose of promoting economic growth.
7. Building an effective system of management and financing of joint projects, creating and developing the high-performance and export-oriented sectors of the economy.
8. Joining efforts to encourage cooperative research.
9. Ensuring the most effective institutional system of the EAEU, which guarantees the fulfillment of agreements
10. Expanding economic cooperation in the areas of education, health, tourism and sport.

The Strategy consists of conceptual provisions and around 330 measures and mechanisms grouped into 11 system blocks. Their implementation will contribute to additional direct and indirect economic gains and benefits for integration participants



11. Shaping the Union as one of the most significant centers for today's world development

The Strategy focuses on unleashing the potential across all areas of the Eurasian economic integration. At the same time, a special emphasis is given to:

- » the Union's changing-over to the innovative way of development;
- » activation and strengthening of the Union's technological capacities;
- » delivery of join large-scale high-tech projects;
- » ensuring the food security;
- » improving accessibility, quality and quantity of financial services;
- » efficiency of common markets for medicines and medical products;
- » creation of favorable living conditions for the Union's citizens, including by means of involvement in the integration processes of such areas as education, health, tourism and sport;
- » enhancing energy conservation and energy efficiency, as well as addressing environmental and sustainable development issues;
- » making the Union one of the most significant development centers of the modern world.

Further development of integration, growth of mutual trade and joint investment, scientific and technological cooperation, infrastructure development, and expansion of cooperation between enterprises will give a boost to sustainable development along with the convergence of economic development in the Member States, based on active integration interaction and adaptation by the Union's institutions of the best global approaches, formats and practices.

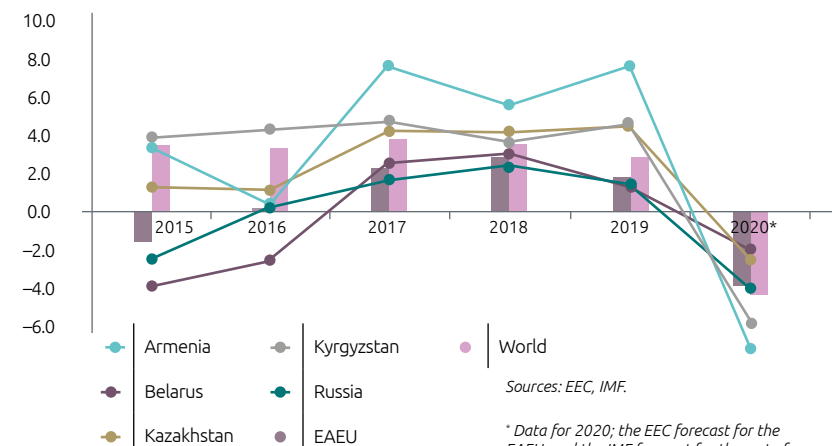
The procedures and mechanisms aimed at carrying out the Strategy complement and developing activities planned in accordance with the already approved strategic documents of the Union.

MACROECONOMIC FRAMEWORK FOR ADVANCED DEVELOPMENT

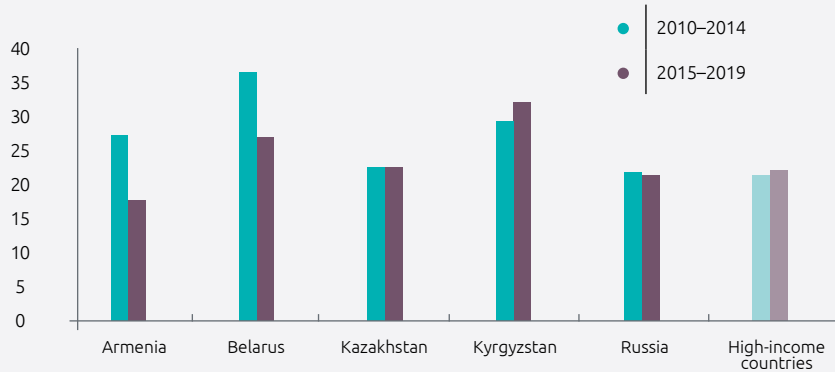
The 2020 coronavirus pandemic has shaken the global economic order, exposed the vulnerabilities of national economies, challenged integration associations, and ultimately changed the operating environment for businesses and consumers. The world needs to rethink and probably restore the balance between self-sufficiency and deep interdependence of economies, as this has become an aspect of further economic development against the backdrop of the pandemic.

On the one hand, the COVID-19 crisis represents a threat to economic growth in the long-term perspective (demand compression, contraction and closure of production, deterioration in the quality of human capital, disruption of production and logistics chains, instability of raw materials and financial markets). But on the other hand, this opens up opportunities for advanced growth of the Member States through adaptation to new business models, business processes and consumer behavior (digitalization of the economy, retraining of citizens, development of the online/remote service sector). This is especially relevant in view of the fact that GDP growth in the EAEU over the past five years has been inferior to growth of the global economy.

GDP GROWTH RATES IN THE EAEU MEMBER STATES AND AROUND THE GLOBE, %

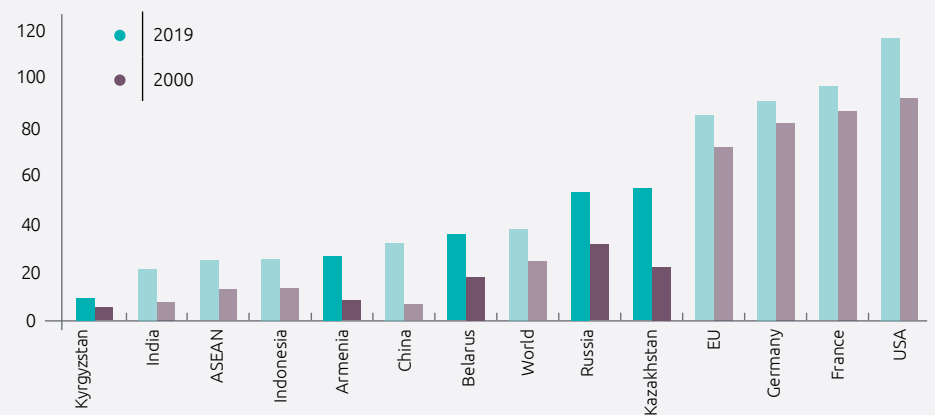


INVESTMENTS, % OF GDP*

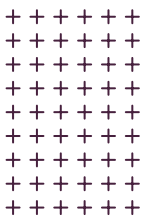


Source: World Bank.
* Gross fixed capital formation.

WORKFORCE PRODUCTIVITY IN 2000 AND 2019, USD THOUSAND



Source: ILO.
* GDP per employee in constant 2011 prices, USD.



Faster growth of the Union's economies can be supported by measures aimed at increasing human potential and labor productivity, reducing poverty, encouraging investment in research and development, and developing the common financial market. In most Member States, investment has been declining over the past decade, with the most dynamic economies showing high levels of investment (e.g., China), thus becoming a stepping stone in the accelerated growth.

As for human capital, a significant potential remains for productivity growth in the EAEU Member States. By the end of 2019, only Russia and Kazakhstan managed to exceed the global average level of productivity. The solution to this problem requires a comprehensive approach that would include measures to improve the efficiency of labor organization, increase competition in industries, upgrade the material and technological base, as well as upgrade the system of professional education, expand the geographical and sectoral workforce mobility.

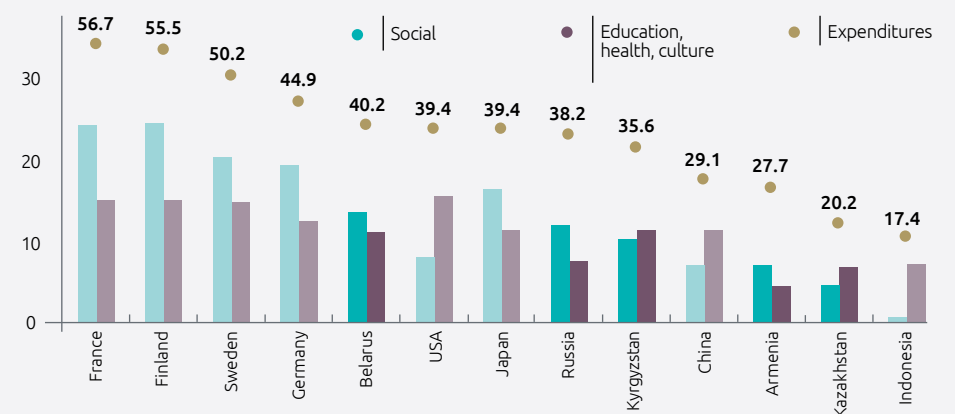
Relevant public expenditures play a key role in the development of human capital; however, the EAEU Member States lag behind the developed countries. Investments in social infrastructure can result in a long-term GDP growth: studies show that an increase in spending on education of 1 p.p. of GDP leads to an increase in the average annual growth rate of per capita GDP by 1.4 p.p. over 15 years, and for health care — by 0.5 p.p.



Scientific and technological progress determines the level of economic growth per capita by affecting global competitiveness, financial systems, quality of life, infrastructure development, employment and trade openness. It is based on innovation, primarily technological. To make a breakthrough in the EAEU Member States' innovation sector, it is necessary to increase spending on R&D activities.



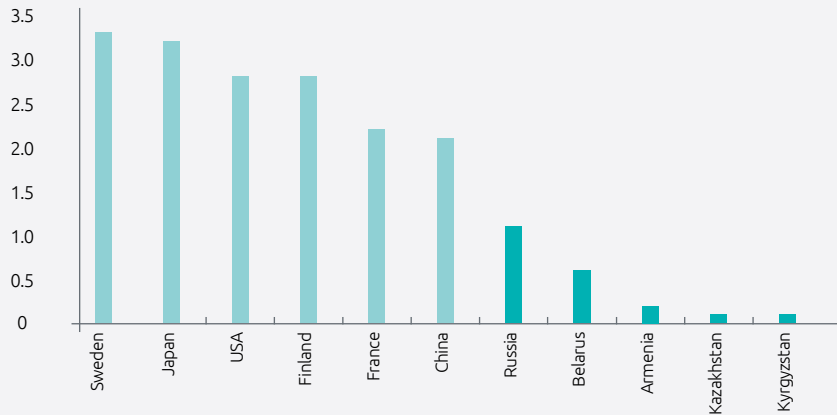
AVERAGE EXPENDITURES OF THE GENERAL GOVERNMENT IN 2010-2018, % OF GDP



Source: IMF.

Note: For China, the average values are given for 2010-2017; for Kyrgyzstan — for 2014-2018 based on data available.

R&D EXPENDITURES, % OF GDP

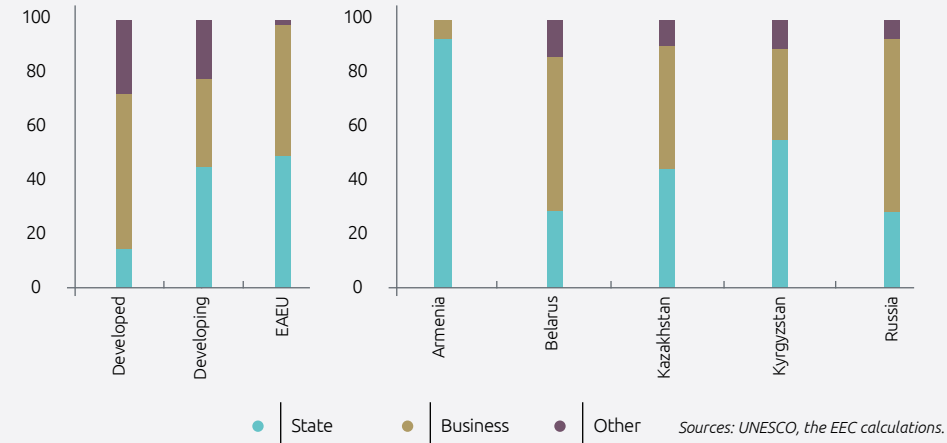


Sources: UNESCO, the EEC calculations.

At present, public investment in research and development in the Member States remains below that of most developed countries. A number of key development indicators of the EAEU Member States' national innovation systems show that the level of R&D financing remains conservatively low: R&D expenditures are under 1.0%, which is 2 times less than the world average and 3–4 times less than the leading countries (Korea, the USA, Japan). In the current situation, the reserves needed to increase funding should be based primarily on raising the private capital and other sources.

Moreover, in developed countries the state has taken a limited role in financing innovative technologies for over years, while in developing countries such share amounts to at least 20%. At the same time, the effectiveness of public investment is usually lower than that of private investment due to insufficient incentives and less interest in the result. It is worth mentioning that when transforming scientific research into economic growth, the infrastructure for unleashing the potential of technological innovation will be pivotal: mechanisms and institutions for introducing results of developments in industrial activity. The Commission's calculations show that an increase of 1 p.p. of GDP in R&D investment would boost the GDP growth rate by 1.9%. In the meantime, the effectiveness may be higher subject to low current R&D costs. To conclude, development of this area provides significant prospects for the EAEU.

R&D INVESTMENT STRUCTURE BY FUNDING SOURCE (AVERAGE) IN 1996–2018

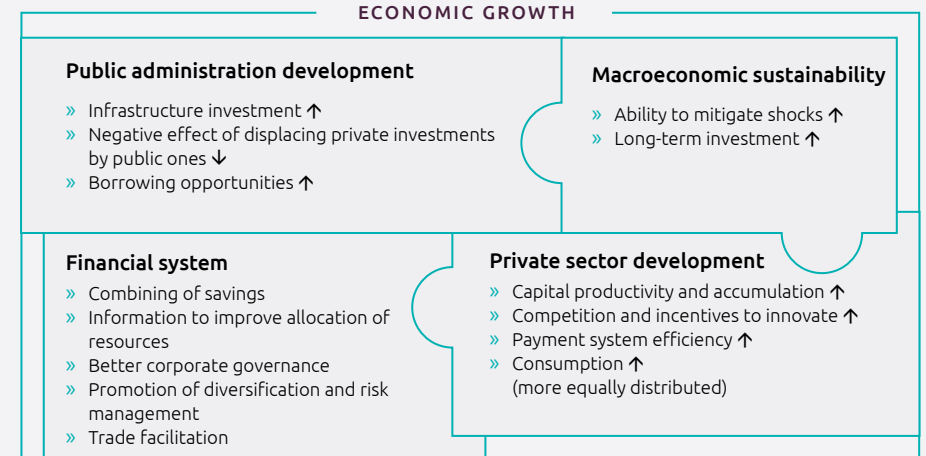


Sources: UNESCO, the EEC calculations.

Fundraising requires a mature financial market that reduces transaction costs and information asymmetry and ensures better interaction between investors and borrowers as well as takes individual risk appetite into consideration.

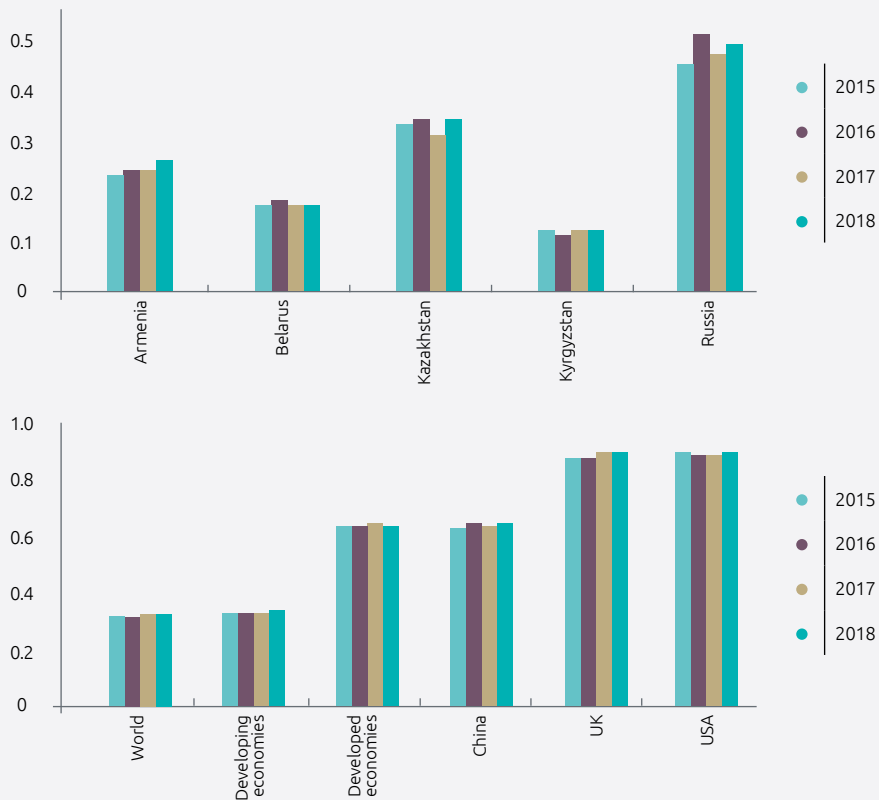


CHANNELS OF INFLUENCE OF THE FINANCIAL SYSTEM ON ECONOMIC GROWTH



Source: based on JuzhongZhuangetaL.Asian development bank Economics Working Paper Series No. 173 "Financial Sector Development, Economic Growth, and Poverty Reduction: A Literature Review," October 2009.

FINANCIAL DEVELOPMENT INDEX



Source: IMF.

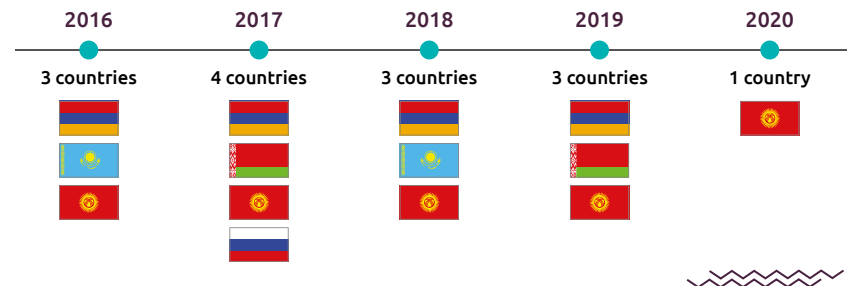


Based on the IMF Financial Development Index, only Russian financial market is able to produce the most positive effect on economic growth (following the range of 0.45–0.7). In most EAEU states (Armenia, Belarus, Kyrgyzstan), the Financial Development Index does not reach the average value for developing countries. Meanwhile, it tends to grow only in Armenia. To sum up, building a common financial market is a top-of-the-mind issue for the Union’s economic development.

MACROECONOMIC SUSTAINABILITY AS A BASIS FOR ECONOMIC GROWTH

Restrictive measures caused by the coronavirus pandemic along with the economic crisis in many countries predetermined lower sustainability of economic systems in the EAEU Member States. Stimulating economic measures to support business activity, adopted by the Union’s Member States, contributed to exceeding the thresholds for certain economic sustainability indicators stipulated in Article 63 of the Treaty. The EAEU’s legal framework implies consultations with the Member States, recommendations, and joint measures to stabilize the economic situation. Recommendations are developed in case of exceeding the thresholds of macroeconomic sustainability indicators as of the end of the year, and joint measures — in the event of exceeding the threshold of the same indicator for 3 years in a row. However, the measures proposed by the Commission are advisory and do not include any sanctions against the Member States.

The Commission developed and adopted 13 country recommendations, including 4 recommendations caused by excess inflation, 4 recommendations caused by increased debt of the general government sector (GGS), 2 recommendations due to exceeding a budget deficit level of the GGS, and 3 recommendations due to both exceeding a budget deficit level and debt of the GGS. The largest number of recommendations were developed for Armenia and Kyrgyzstan for budget indicators.





In 2020, a draft recommendation to reduce the debt level was developed for Kyrgyzstan. Namely, based on the analysis of the economic situation in Kyrgyzstan, the Commission recommended taking the following measures: support the real economy enterprises suffered from the pandemic; continue reorganizing and refinancing the debt; provide additional budget revenue; and increase the efficiency of budget spending.



In the first half of 2020, macroeconomic sustainability indicators in the Member States deteriorated due to the negative impact of the coronavirus pandemic. In all the Member States, inflation accelerated as compared to the end of 2019, and budget balances along with the state debt levels worsened year-on-year.

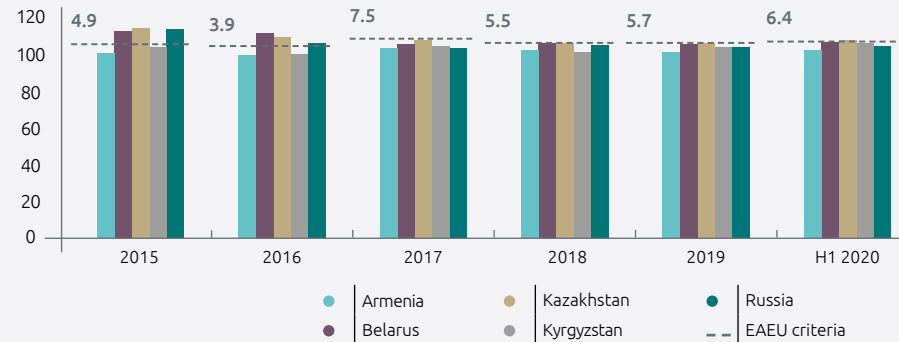
Inflation

Food inflation contributed the most to accelerating annual inflation in the Union's countries. Increased consumer prices in the first half of 2020 were due to the economic consequences of the coronavirus spread.

In particular, demand for certain categories of consumer goods increased. Weakening of the Member States' national currencies impacted this growth as well. Inflation was restrained by lower consumer demand driven by a decline in real wage growth, among other things.



INFLATION IN THE EAEU MEMBER STATES IN 2015–2019 AND H1 2020, % (RESTRICTION FOR INFLATION RATE DOES NOT EXCEED 5 P.P. TO THE LOWEST VALUE)



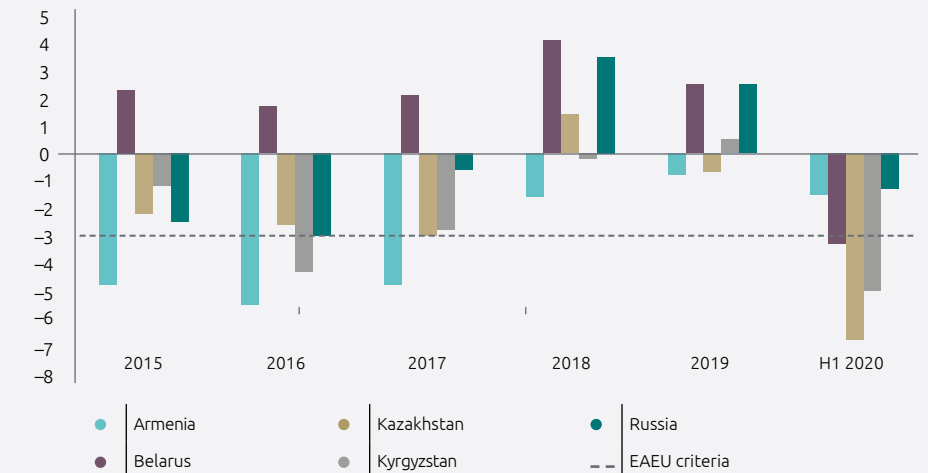
According to official forecasts of national (central) banks of the EAEU countries, annual inflation is expected to accelerate by the end of 2020 in all the EAEU Member States except Belarus. In Armenia, the planned annual inflation amounts to 2.5%, in Belarus — 6%, Kazakhstan — 8.0–8.5%, Kyrgyzstan — 7.5%, and in Russia — 3.9–4.2%. Taking these forecasts into consideration, the estimated inflation rate can be higher in Kazakhstan in 2020.

Budget of the General Government Sector

In H1 2020, budget balances deteriorated in all EAEU Member States. In most EAEU countries (Belarus, Kazakhstan, Kyrgyzstan), the quantitative value of the GGS budget deficit established by the Treaty on the EAEU was exceeded. Budget revenue decreased due to a drop in the world prices for primary goods as well as restrictive measures to combat the spread of the coronavirus infection applied in most countries. Increased budget spending was caused by the need to support the population and the most affected economic sectors. It is preliminarily estimated that GGS budget gaps in the Member States will exceed a threshold of 3% of GDP set by the Treaty on the EAEU, at the end of the year. Following the Commission's forecasts based on the Member States' official forecasts, budget deficit levels will exceed 3% of GDP across the EAEU in 2020.



BALANCES OF GGS CONSOLIDATED BUDGETS IN THE EAEU MEMBER STATES IN 2015–2019 AND H1 2020, % OF GDP (QUANTITATIVE RESTRICTION FOR CONSOLIDATED BUDGET DEFICIT OF THE GENERAL GOVERNMENT SECTOR DOES NOT EXCEED 3% OF GDP)



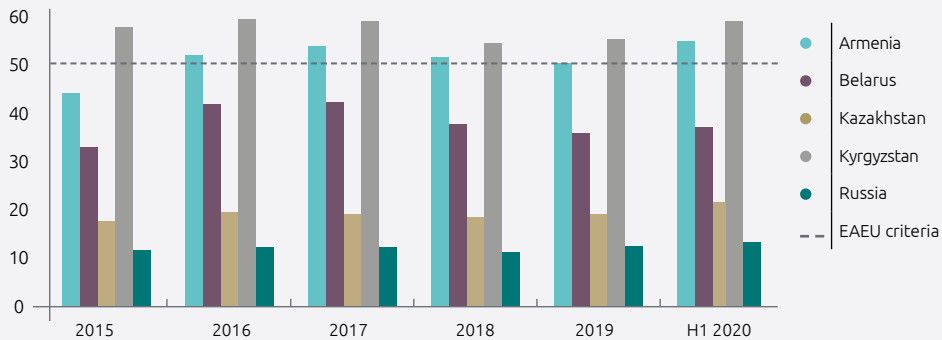


Debt of the General Government Sector

In June 2020, the GGS debt (percent of GDP) grew year-on-year in all the Member States except Belarus. Increased budget deficits, economic recession, and weakening of national currencies had a major impact on this growth. At the end of 2020, the GGS debt is expected to exceed a threshold of 50% of GDP, set by the Treaty on the EAEU, in two Member States (Armenia and Kyrgyzstan).

As part of the changes in global economic relations in 2020 in line with the world technological changes, macroeconomic sustainability indicators are to be revised in the EAEU in order to pursue an active investment and innovation policy and provide

GGG DEBT OF THE EAEU MEMBER STATES IN 2015–2019 AND H1 2020, % OF GDP
(QUANTITATIVE RESTRICTION FOR DEBT OF THE GENERAL GOVERNMENT SECTOR DOES NOT EXCEED 50% OF GDP)



technological modernization. The Commission is developing an alternative system of macroeconomic sustainability indicators with an aim to ensure the Macroeconomic stability and increase long-term growth rates of the Member States' economies.

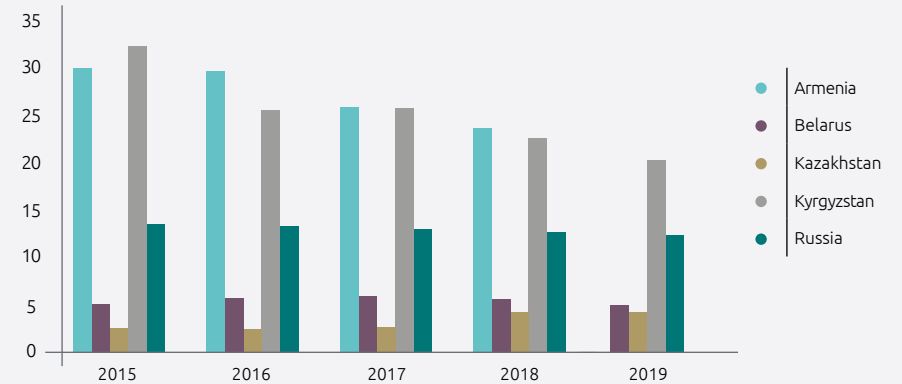
ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS IN THE EAEU

SDG 1: No Poverty

The EAEU countries have virtually eradicated the extreme poverty*. Besides, there has been annual progress towards reducing the proportion of the population living below the official poverty line according to national definitions.



PROPORTION OF THE EAEU POPULATION LIVING BELOW THE OFFICIAL POVERTY LINE** IN 2015–2019, % OF THE TOTAL POPULATION



* The category of those living in extreme poverty includes people living on less than USD 1.90 a day.
 ** Poverty level in accordance with the national methodologies of the EAEU Member States:
 Armenia — proportion of the population, for which the consumption aggregate is inferior to upper complete poverty line;
 Belarus — proportion of the population with the disposed income below the subsistence minimum;
 Kazakhstan — proportion of the population with consumption-spent income below the subsistence minimum;
 Kyrgyzstan — proportion of the population with consumption spending below the poverty line;
 Russia — proportion of the population with monetary income below the subsistence minimum.

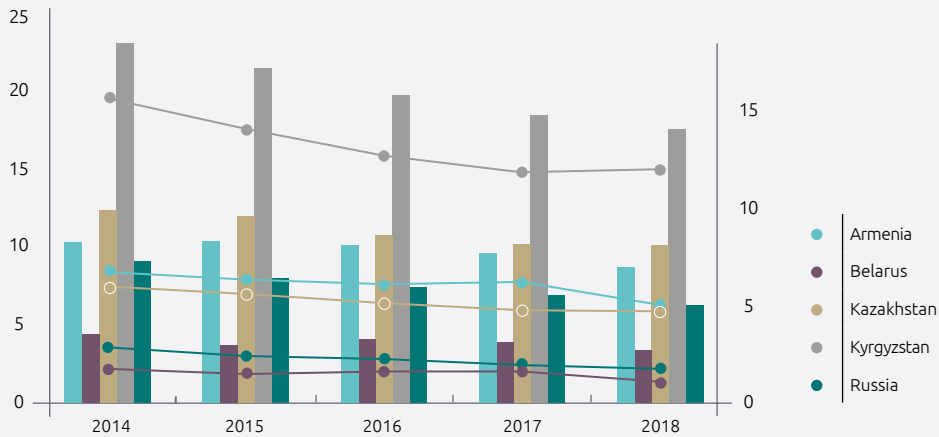




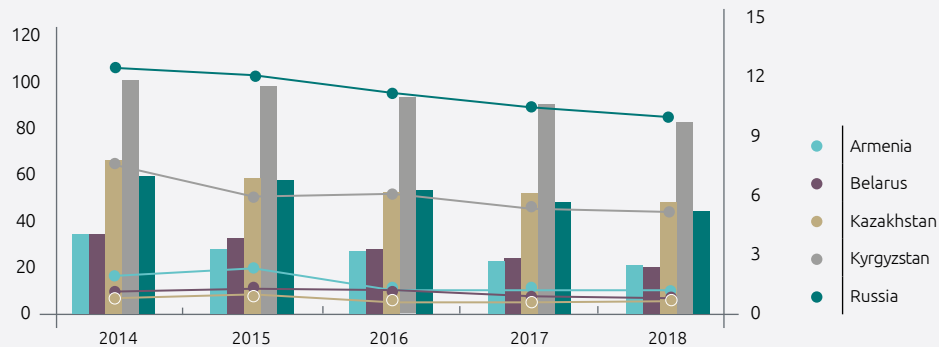
SDG 3: Good Health and Well-Being

The EAEU Member States aim to ensure healthy lives for everyone at any age. In 2014–2018, both child and neonatal mortality were consistently decreasing. The incidence of tuberculosis and hepatitis B among adults has been steadily reducing.

UNDER AGE 5 MORTALITY (MAIN AXIS, HISTOGRAM) AND NEONATAL MORTALITY (AUXILIARY AXIS, CHART) IN THE EAEU, 2014–2018, PER 1,000 LIVE BIRTHS



INCIDENCE OF TUBERCULOSIS (MAIN AXIS, HISTOGRAM) AND HEPATITIS (AUXILIARY AXIS, CHART) IN THE EAEU, 2014–2018, PER 100,000 PEOPLE

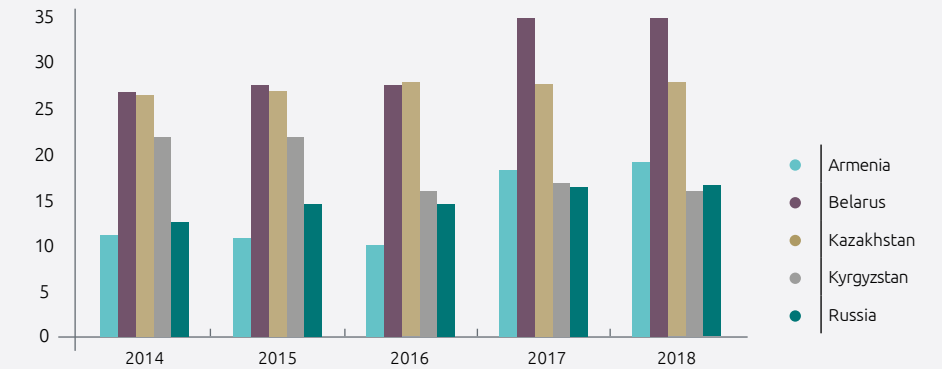


SDG 5: Gender Equality

In recent years, most EAEU Member States have succeeded in providing gender equality. For instance, in 2018, the proportion of seats held by women in the EAEU's national parliaments (Belarus and Kazakhstan) exceeded 25%.



PROPORTION OF SEATS HELD BY WOMEN IN NATIONAL PARLIAMENTS OF THE EAEU IN 2014–2018, TO THE TOTAL NUMBER OF SEATS IN NATIONAL PARLIAMENTS, %



>>>



DEVELOPMENT OF INTERNATIONAL COOPERATION



Over the past six years, the EAEU has significantly strengthened its position on the global stage. Many countries, regional integration associations, and international organizations express interest in the Union.

The Commission strives to form an institutional basis to develop full-scale cooperation with foreign partners.

The EAEU's international activities enable the Union to solve a strategically important task aimed at developing the Eurasian integration. Namely, the Union becomes one of the development centers in the modern world, that is reflected in the Declaration on Further Development of Integration Processes within the EAEU and Strategy 2025.

Memoranda with Third Countries

A memorandum creates a platform for comprehensive promotion of trade and economic cooperation along with identification and elimination of barriers in trade. On the one hand, this cooperation format enables foreign partners to better learn the structure and functioning as well as decision-making procedures in the EAEU and, ultimately, build direct communication on various aspects that fall within the competence of the EEC. On the other hand, it allows the Union's Member States to form "country profiles" for each partner, a trade specialization that may interest exporters from the EAEU countries.

The Commission cooperates through memoranda and declarations with

14
governments

- » Bangladesh
- » Greece
- » Jordan
- » Indonesia
- » Cambodia
- » Cuba
- » Morocco
- » Moldova
- » Mongolia
- » Peru
- » Singapore
- » Thailand
- » Faroe Islands
- » Chile

> > >

The GDP of the countries that entered into free trade agreements with EAEU and memoranda of cooperation with the EEC amounts to USD 29.6 trillion (purchasing power parity), or 23.2% of the global GDP. These countries have a population of 1.7 billion or 21.6% of the world population.

Taking into consideration regional integration associations that formally interact with the EAEU, the GDP of the Union's foreign partners amounts to USD 43.9 trillion (purchasing power parity), or 34.3% of the global GDP, and the population — 3.7 billion people, or 48.5% of the world population.

Memoranda with Integration Associations

The EAEU is actively developing interaction with regional integration associations. The Union made significant progress in communication with the closest integration structure — **the Commonwealth of Independent States**.

An advanced legal and regulatory framework for interacting with the CIS was developed:

- » December 17, 2012: the Memorandum of Cooperation between the Eurasian Economic Commission (EEC) and the Executive Committee of the Commonwealth of Independent States (CIS) was signed.
- » July 13, 2013: the Memorandum of Cooperation between the Eurasian Economic Commission and the Interstate Statistical Committee of the Commonwealth of Independent States.
- » November 27, 2018: the Memorandum on Deepening Cooperation between the Eurasian Economic Commission and the Executive Committee of the Commonwealth of Independent States.
- » In support of the Memorandum on Deepening Cooperation between the Eurasian Economic Commission and the Executive Committee of the Commonwealth of Independent States dated November 27, 2018, an Action Plan is being implemented, and another Action Plan for 2021–2022.





Strengthening cooperation with the SCO and ASEAN along with establishing communication with the European Union and other integration associations and states of the continent contributes to the position of the Union as one of the centers of the Greater Eurasian Partnership



The EEC actively interacts with the **Association of Southeast Asian Nations (ASEAN)**. The Memorandum of Understanding between the Association of Southeast Asian Nations and the Eurasian Economic Commission on Economic Cooperation was signed on November 14, 2018. In accordance with the Memorandum, further cooperation was approved in the format of the Program of Cooperation between ASEAN and EEC for 2019–2020. The Program was prolonged until 2025 and can be updated in the coming years. The document provides for high-level communication, participation of business communities, promotion of the idea of mutually beneficial cooperation between two integration associations as part of international organizations as well as expert consultations and exchange of best practices on multiple economic integration issues in the EAEU and ASEAN.

The EEC is going to sign a Memorandum of Understanding with the Secretariat of the **Shanghai Cooperation Organisation (SCO)**. Deeper cooperation between the EAEU and the SCO will make the Union one of the centers of the Greater Eurasian Partnership.

Systemic dialogue with the representatives of the **European Commission** is being built. The European Union is one of the main foreign trade partners of the EAEU, which accounts for about half of trade operations with third countries. Despite the remaining restrictions in the European Union for full-scale cooperation with the EAEU, the Eurasian Economic Commission and the European Commission interact with each other. The EEC's efforts in the European direction resulted in a so-called technical (expert) dialogue with the European Union as part of "sectoral dialogues".

The EEC formalized relations with the African Union by signing a Memorandum of Understanding on Economic Cooperation on October 24, 2019, which is an important step in terms of cooperation with Africa.

Memoranda with the **Andean Community General Secretariat (CAN)**, the **Latin American and Caribbean Economic System (SELA)**, **Southern Common Market (MERCOSUR)**, and the **States Parties of the Framework Agreement of the Pacific Alliance** are being implemented.

Furthermore, a Memorandum of Understanding with the **Secretariat for Central American Economic Integration (SIECA)** was signed on February 25, 2021. Relations with the General Secretariat of the **Latin American Integration Association (ALADI)** are being formalized taking into account the interest of the partners.



As of August 2020, 38 memoranda of understanding were concluded between the EEC and relevant international organizations. Such cooperation enables the Commission to gain first-hand experience of regulatory policy in various economic sectors, as well as promote the Union's interests internationally.

Interaction with International Organizations

Communication with universal and relevant international organizations on multiple global and sectoral issues is ongoing. Thanks to that, the EAEU can study the best practices of foreign partners and offer these practices for implementation in the Member States.

Cooperation Development Mechanisms

Working groups

The working groups or joint commissions on interaction became a platform for communication between the EEC, the EAEU Member States' authorities, and the Union's foreign partners along with business representatives and business associations. The agenda of the working groups includes all issues of the EEC's competence. Meetings were held with almost all countries that formalized relations with the EEC.

Business forums

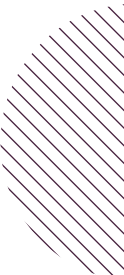
This format was successfully implemented with Cambodia (2017), Greece (2017), Moldova (2017), Mongolia (2017 and 2019), Thailand (2018 and 2019), Cuba (2019), and Peru (2016 and 2019).

Business missions of the EEC's partner states to the EAEU

Faroe Islands (2018 and 2019), Moldova (2018 and 2019), Cuba (2018), Peru (2017), Cambodia (2018), and Chile (2016 and 2019).

Business missions of the EAEU Member States to the partner states

Greece (2017), Cambodia (2017), Singapore (2017), and Moldova (2017).





Observer Status in the Eurasian Economic Union

Moldova is the first state that was granted observer status at the EAEU on May 14, 2018. Resolution of the Government of the Republic of Moldova dated March 16, 2020, on appointing the Plenipotentiary Representative of Moldova to EEC proves the commitment of the official Chisinau to enhance cooperation with the EAEU.

In 2020, Uzbekistan and Cuba also requested to grant them observer status at the EAEU. A decision on granting the observer status to these countries was made at the meeting of the Supreme Eurasian Economic Council on December 11, 2020, as per the Regulations on the Observer Status in the EAEU.

Popularization of the Eurasian Integration

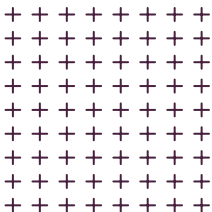
Targeted work is carried out to promote and explain an idea of Eurasian economic integration abroad through conferences, forums, presentations, round tables, and other events dedicated to Eurasian economic integration, in the context of opportunities offered by the Union's common market for the economies of third countries.

Eurasian matters figure prominently on the agenda of the St. Petersburg International Economic Forum, Astana Economic Forum, and Eastern Economic Forum. Moreover, they are discussed in detail at the Eurasian Economic Forum.

To conclude, the EAEU is becoming an independent pole of attraction for foreign governments, regional integration associations, and international organizations.

Embedding into the World Landscape of International Relations

The implementation of the goals and objectives of the Union's international activities contributes to involving the EAEU States in the world landscape of economic relations. It is achieved by expanding geography and export volumes, integrating business entities of the Member States into global production chains, creating new business networks, and attracting foreign investments and technologies for the Member States' economic development. Besides, the development of



the EAEU's international activities strengthens the negotiating positions of each Member State of the Union separately and supports the efforts of national governments at the bilateral level.

In general, thanks to the integration development in the EAEU, new market segments are created, trade and economic cooperation become stronger, and mutual trade in intermediate goods develops.

In the long term, the EAEU should be actively engaged in the "integration of integrations" system emerging in the Eurasian space, based on connecting integration processes both in Europe and Asia in line with developing the Chinese Belt and Road project and building mega-regional initiatives of a new type — so-called partnerships. Connecting integration processes in Eurasia will enable the Member States to create a certain "safety buffer" in the face of global challenges and threats, as well as to strengthen the economic basis of partners in the Union.



NOTES

NOTES

Office of the Eurasian Economic Commission

2, Letnikovskaya Str., bld.1, 2, Moscow, 115114

Phone: +7 (495) 669-24-00, ext. 41-33

Fax: 8 (495) 669-24-15

email: info@eeccommission.org

Postal and legal address

of the Eurasian Economic Commission

3/5, Smolensky Boulevard, bld. 1, Moscow, 119121