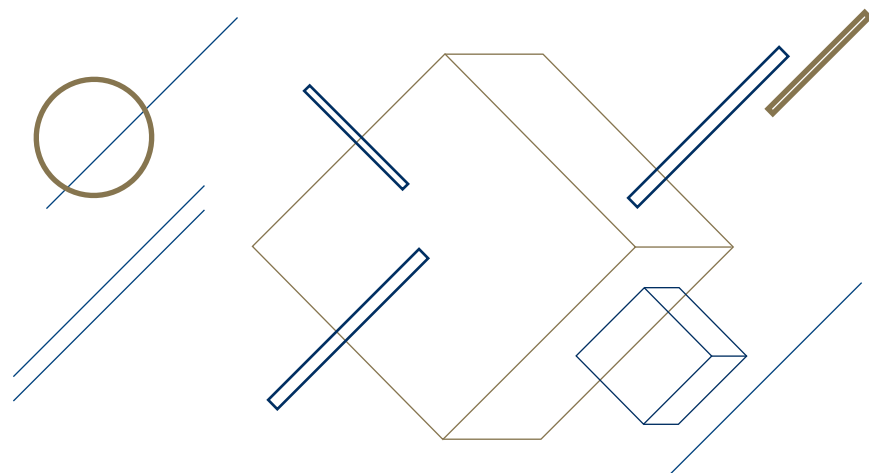


EURASIAN ECONOMIC  
INTEGRATION:  
FACTS AND FIGURES

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## FOREWORD BY VIKTOR KHRISTENKO



### DEAR COLLEAGUES!

On January 1, 2015, the Eurasian space moved to a new stage of its economic integration. Eurasian Economic Union was launched as an international body with a relevant legal personality.

Eurasian Economic Union is the response to global challenges. By extending the economic integration, we will expand the domestic market making it more transparent and clear for entrepreneurs and investors.

Closer economic ties improve the entire resistance of our countries' economies to the continuous global economic recession and amplify the consolidated standpoint as the economic decisions on the global platforms are being developed. The Treaty signed by the Heads of the States on May 29, 2014 in Astana lies in the basis of the EAEU. This document has absorbed everything gained at the phase of the Customs Union and Common Economic Space.

However, now it includes some major novations. With Treaty coming into force, we take the following step in extending the integration. And we see a significant liberalisation going on in a number of vital sectors.

For the first time, the Treaty lays down the legal framework for a common market of services which yet has to be established. The document sets forth the plans on joint elaboration of industrial and agricultural policies.

The Treaty is the first document to provide for creation of common markets of electric power, gas, oil and petroleum products. The document sets out our arrangements on joint development of the agreed transport policy. Whereas all these sectors crucial for the strategic development of the economy sphere are not just named in the Treaty. In fact, an action plan for each direction is laid down for a decade to come. The Treaty also and in detail provides for a plenty of issues on equal opportunities for labour migration between the Union Member States. Actually, we speak about the step by step forming a common market of labour.

Eurasian Economic Union is not a "triad" any more. It is now a "quintet" of countries. We welcome our new members, i.e. the Republic of Armenia and the Kyrgyz Republic. The countries are joining the legal framework of the EAEU. Their representatives are beginning to appear in the administration authorities of the Eurasian Economic Union.

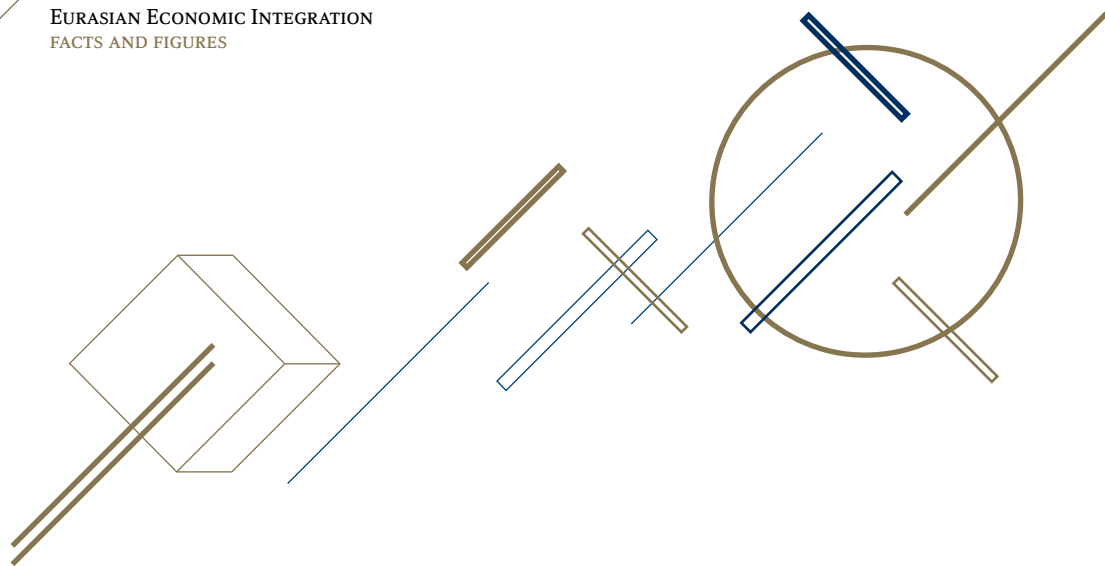
The institutional structure of the EAEU administration authorities has also underwent some changes. Now it has the following outlook: The Supreme Eurasian Economic Council (at the highest level), the Eurasian Intergovernmental Council (at the prime-minister level), the Eurasian Economic Commission (the executive body), the EAEU Court.

In a nutshell, there has been many changes in the Eurasian economic project. While our commitment to comprehensive and open dialogue remains the same. First of all, our permanent practice is a direct communication with the business in key issues. To ourselves, we understand that this year we, together, will have to finalize the implementation mechanisms, pay full attention, account and application to the feedback we receive from business as we make our decisions.

Moreover, to me it seems logical that a business dialogue between Belarus, Kazakhstan and Russia shall be enhanced by representatives from Armenia and Kyrgyzstan. An active cooperation with the expert community, with the media is not least important for us. Since it is an environment of a permanent open dialogue which allows us moving ahead in implementation of the Eurasian economic project. We have been doing a project "A library of Eurasian Integration" for some years already. The booklet in your hands is a part of it. Its purpose is to give a general idea what the Eurasian economic project is, how it works and which goals are set ahead of it. Finally, what is the plan to achieve the desired goals.

We are open for discussion. Hopefully, this and other publications by the Eurasian publishing project will not be just timely but also really become a useful source of information for all the interested partners.

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



## HISTORY OF THE EURASIAN INTEGRATION

In 2014, the project of Eurasian integration turned 20 years. **In 1994**, it was presented by Nursultan Nazarbayev, the President of the Republic of Kazakhstan, in his speech in Lomonosov Moscow State University. The leader of Kazakhstan proposed to develop a really working union of the states consolidated on the grounds of the interconnected economies. Unlike the CIS, the Eurasian Union of the States best prepared to extend cooperation was supposed to have a clearer and more full-fledged institutional structure and possess a sufficient scope of regulatory powers mainly in the key sectors of economy.

The majority of leaders of many post-soviet countries were not ready, at that stage, to perceive the ideas of a “new union”. Some time later they were actively supported only by the Republic of Belarus and the Russian Federation. **In the beginning of 1995**, the Republic of Kazakhstan, the Republic of Belarus and the Russian Federation signed an Agreement on the Customs Union aimed at removing the barriers on the way of free business cooperation between the economic entities of the Parties, ensuring the free exchange of goods and fair competition. The Agreement by a “triad” defined

the integration core which is a present-day driver of the integration processes in Eurasia. After all, there was a number of reasons why the Customs Union of the 90s couldn’t actually start working. However, the experience gained on the way later occurred to be crucial in design of an effective strategy of incremental movement of the neighbouring countries best prepared for integration towards one another.

**In 1996**, the heads of countries of the “triad” together with the Head of the Kyrgyz Republic signed a Treaty on Expanding the Integration in economic and humanitarian fields. The document reflected the close economic and cultural ties and yet the common history past. At the same time the provisions of the Treaty were set to look forward — Kazakhstan, Belarus, Kyrgyzstan and Russia committed on joint future economic development.

**In 1998**, the Republic of Tajikistan joined the Treaty.

Determination of moving to a closer mutual work based on harmonizing the laws and agreed processes of structural reconstruction of economies resulted in establishing by the leaders of these countries **in 2000** a new integration structure — the Eurasian Economic

Community (EurAsEC). Since 2003, a work on elaborating the legal framework for the Common Economic Space was given a boost. Ukraine became an active participant to this process. But its involvement in the Eurasian integration shortly began to dry out.

So, **in 2006**, the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation turned out to be leading the work on building the Customs Union and Common Economic Space since the Presidents of the countries made a relevant joint decision within the summit in Sochi. Whereas, they also agreed that Kyrgyz Republic and Republic of Tajikistan will join the process of consolidation too, as soon as their economies are ready.

So, just in a year, **in October 2007**, a Treaty on establishing the Common customs territory and forming the Customs Union was signed. Within the time period, short from a historic perspective, a primary infrastructure for integration was set up and a long-term course of the Member States economic development defined.

Further acceleration put to the integration process was greatly due to the global economic recession of 2008. It made the states seek new formats of cooperation for sustainable economic growth and new ways to reduce economic risks and promoted alignment of economic strategies. It all resulted in the earlier “launch” of the Customs Union.

The Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation began its work **since January 2010** and after a year and a half — **since July 2011** — started to operate at its full capacity: the customs territories of the “triad” were merged into a common customs territory.

Today, the rules of the common Customs Code, the Common Customs Tariff, the common system for the foreign trade and customs regulation, the common legal environment in the sphere of technical regulation are applicable on this territory.

**On November 18, 2011**, the Presidents Alexander Lukashenko, Nursultan Nazarbayev

and Vladimir Putin signed a Declaration on Eurasian Economic Integration. By this Document, the Heads of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation acknowledged the Customs Union to be a success and expressed their enthusiasm in further integration which, as is based on deep economic and spiritual ties between the three nations, is relevant to their national interests and, among all, will promote the wealth and rise in living standards of their citizens and improve the national competitive edge within global economy. The Declaration stated the move towards the next stage of the integrative construction — a Common Economic Space (CES).

**By January 1, 2012**, a legal framework of the CES as a market with 170 million consumers, the unified legislation, free movement of goods, services, capital and labour, was formed. The CES is founded on the agreed actions in the key sectors of economic regulation: in macro economics, in a competitive sphere, in a field of subsidies for industry and agriculture, transport, power engineering, tariffs of the natural monopolies. The benefits from the CES for citizens and businessmen are obvious. Entrepreneurs have equal access to the common market, they can freely choose where to register their firms and do their business without excessive restrictions, sell the goods in any of the CES member states, have access to the transport infrastructure etc. Creation and step by step tuning of the common market working mechanisms is an important part of the CU and CES member states plans on transition from a resource-based economy to an economy based on innovations.

**On February 2, 2012**, the Eurasian Economic Commission (EEC) began its work. Thus, for the first time in a 20-year history of the integration process a supranational permanent executive body with real powers in a number of key economic sectors was established. EEC provides a favourable environment for the Customs Union and Common Economic Space, the development of proposals for the further development of integration.

**The year 2013** became one of the signature periods for the integration process to improve and develop. Namely, it included the work to ensure that the Kyrgyz Republic joins the Eurasian integration project as was initially resolved by the EurAsEc Interstate Council Decision adopted in 2011. **In May 2013**, a Memorandum on extending the scope of mutual work between Eurasian Economic Commission and the Kyrgyz Republic was signed. The purpose of signing the Memorandum was to support and develop the cooperation based on principles of mutual respect and to extend the interaction between the Kyrgyz Republic and the Member States of the CU and CES, in various economy sectors.

**On September 3, 2013**, Serzh Sargsyan, the President of Armenia, announced an intention of his country to join the CU and CES and integrate further taking part in construction of the Eurasian Economic Union. **On October 24, 2013**, at the session of the Supreme Eurasian Economic Council the Presidents of the Member States considered the application of the Republic of Armenia and instructed the EEC to launch the work on accession. The EEC working group organized for that purpose designed a corresponding Roadmap. On December 24, 2013, the Roadmap on accession of the Republic of Armenia to the CU and CES was approved at the level of the Heads of the States during the session of the Supreme Eurasian Economic Council. The Heads of the States of the “customs triad” and Armenia adopted a Declaration “On Participation of the Republic of Armenia in the Eurasian integration process” to welcome the intention of the Republic of Armenia to join the CU and CES and thereafter become a full member of the Eurasian Economic Union.

In 2013-2014 the Eurasian Economic Commission and the authorised authorities of the Republic of Belarus, the Republic of Kazakhstan, and the Russian Federation, by instructions of the Presidents of their countries were conducting the active work to prepare the Treaty on the Eurasian Economic Union

(EAEU). Its adoption ended up the codification of the international treaties constituting the regulatory legal framework of the Customs Union and the Common Economic Space. **On May 29, 2014**, during the session of the Supreme Eurasian Economic Council, the Presidents Alexander Lukashenko, Nursultan Nazarbayev and Vladimir Putin signed the Treaty on establishment of the Eurasian Economic Union.

Many politicians and experts call this project the most ambitious and altogether the most realistic based on a calculated economic advantages and mutual benefits. The broad horizon of options is opening for the business of the Member States: the Treaty gives green light for new dynamic markets with common standards and requirements to the goods, services, capital and labour.

**On October 10th, 2014**, an Agreement of Accession of Armenia to the EAEU was signed in Minsk. The Document was adopted at the session of the Supreme Eurasian Economic Council with participation of the Heads of the States, members to it. On the same day, the Presidents Alexander Lukashenko, Nursultan Nazarbayev and Vladimir Putin approved the Roadmap for the accession of the Kyrgyz Republic to the Common Economic Space.

**On December 23, 2014**, in Moscow at the session of the Supreme Eurasian Economic Council Almazbek Atambayev, the President of Kyrgyzstan, signed the Treaty on accession of the Kyrgyz republic to the EAEU. Given the need to observe the ratification procedure and bring the infrastructure of Kyrgyzstan up to the standards existing in the Union Member States, another country by spring 2015 may become a full member of the EAEU.

The Eurasian Economic Union began its operation since **January 1, 2015**.

It is a symbolic coincidence that not so long before, right on the 20th anniversary of his first “Eurasian” presentation, **in April 2014** Nursultan Nazarbayev, the President of the Republic of Kazakhstan, again delivered

a speech in the same Lomonosov Moscow State University and on the same subject.

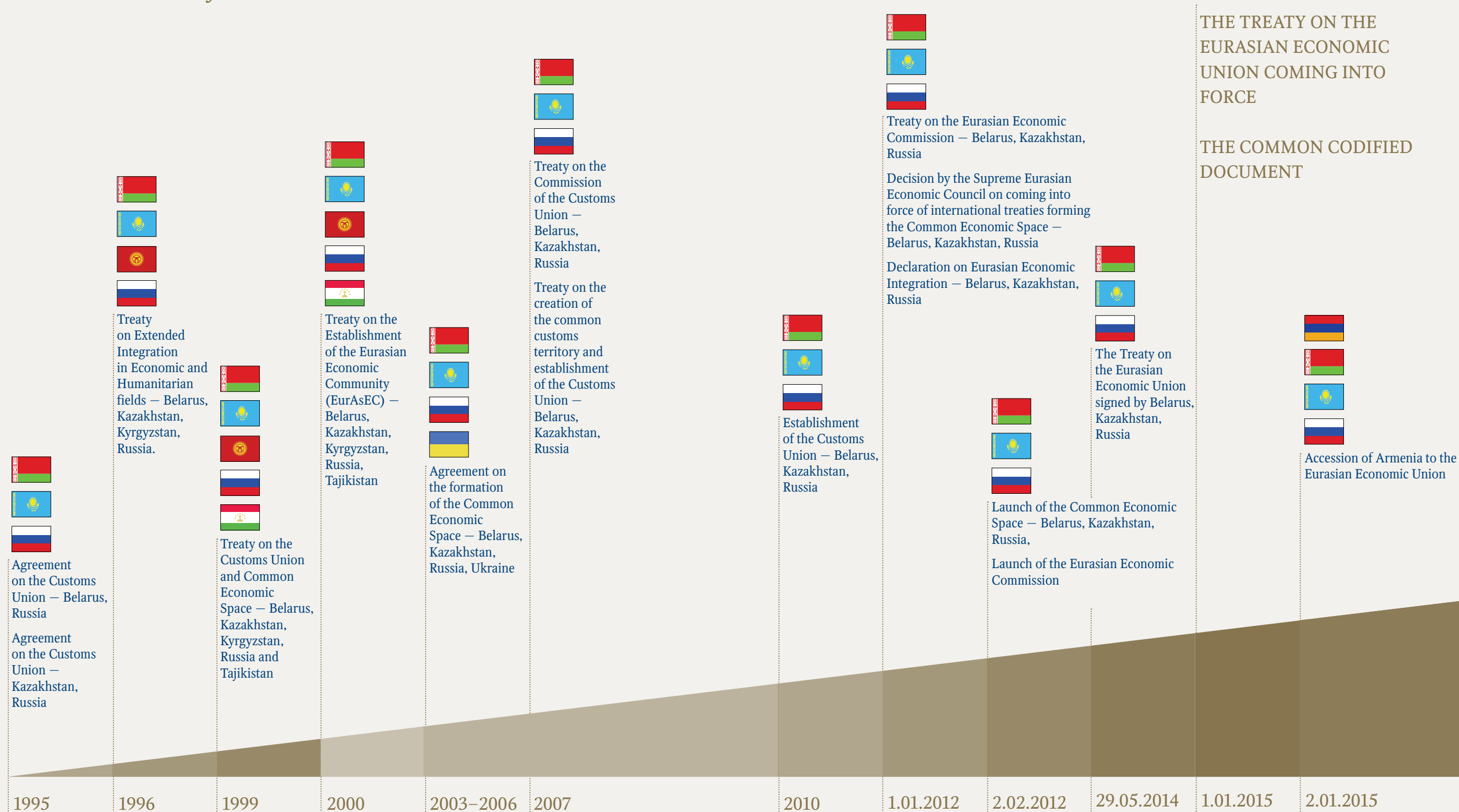
Although, to put it more accurately, this time his audience was much wider: unlike the lecture delivered 20 years ago which at the time grasped the attention mostly of the Russian and Kazakh experts, in 2014 Nursultan Nazarbayev was speaking to almost the entire world since the integration project that he had proposed has received such significant practical implementation. In particular the President of Kazakhstan said: “*It is easy to explain the reasons to it. The strategy of the*

*Eurasian Economic Union is based on the truth similarly close and clear to any citizen of our countries. The common history, the mutual economic attraction, the close interconnection of the cultures and proximity of the human aspirations give our nations a chance to build a new type of multilateral interstate connections.*”

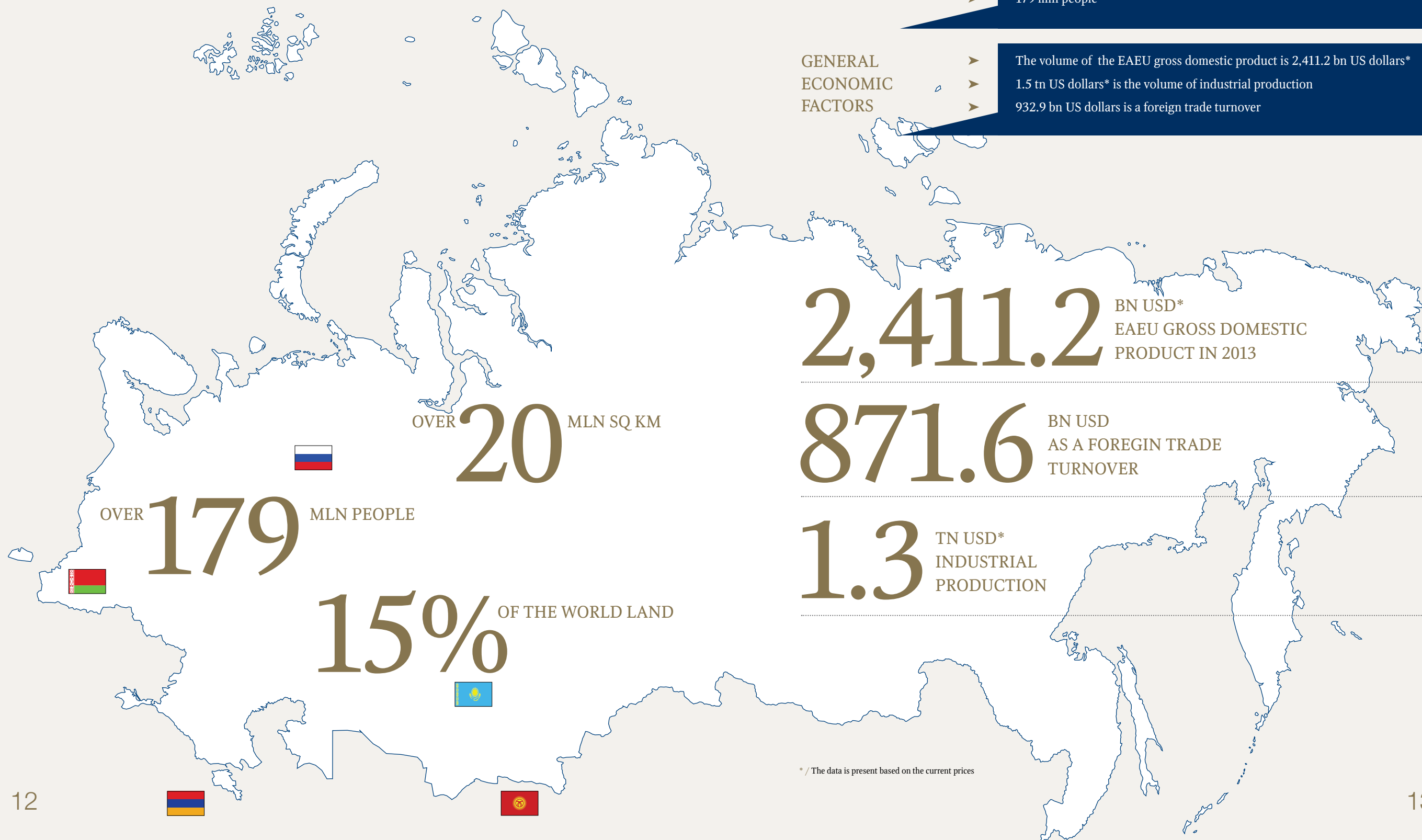
As a contrary to the phenomena of a global crisis, a consistent and successful transformation of the Eurasian space on the market economy principles preserving the political independence and the customary cultural identity of the sovereign states is going on.



## TIMELINE OF THE MAJOR EVENTS



## MEMBER STATES OF THE EURASIAN ECONOMIC UNION. POSITION IN THE WORLD



### TERRITORY AND POPULATION

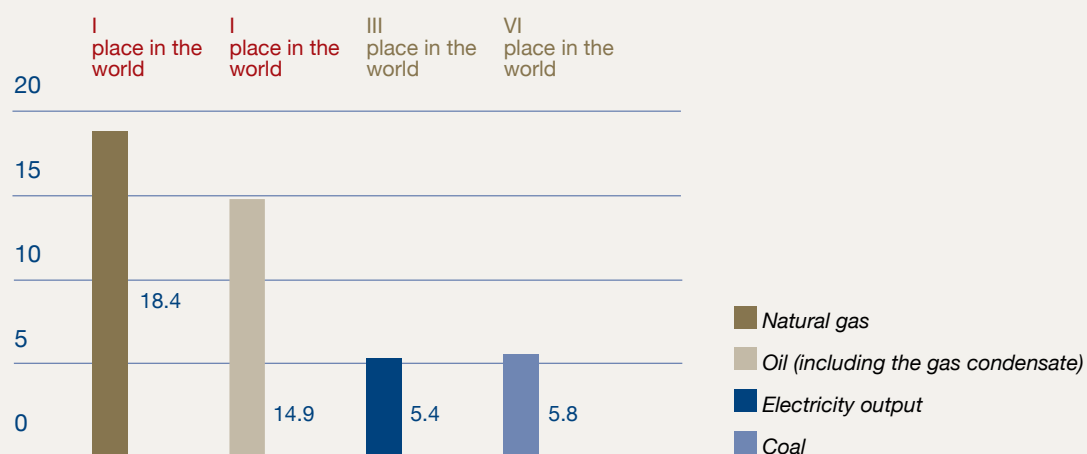
- Over 20 mln sq km
- 15% of the world land
- 179 mln people

### GENERAL ECONOMIC FACTORS

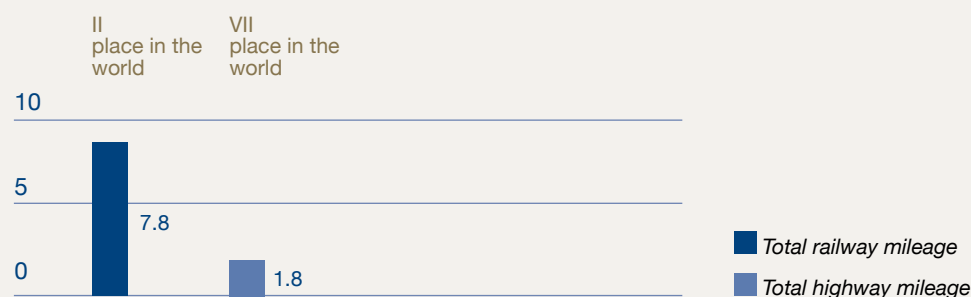
- The volume of the EAEU gross domestic product is 2,411.2 bn US dollars\*
- 1.5 tn US dollars\* is the volume of industrial production
- 932.9 bn US dollars is a foreign trade turnover

## GLOBAL RANKING OF THE EURASIAN ECONOMIC UNION MEMBER STATES BY CERTAIN ECONOMIC FACTORS IN 2013 (%)<sup>1</sup>

### Mining EAEU share in the world production

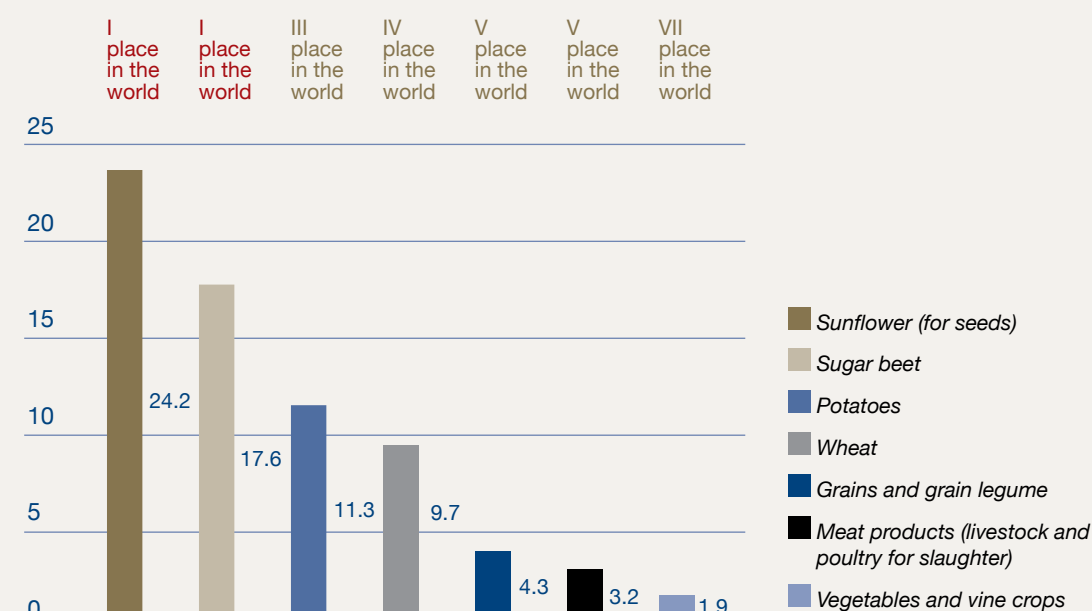


### EAEU share in the world highway mileage (%)

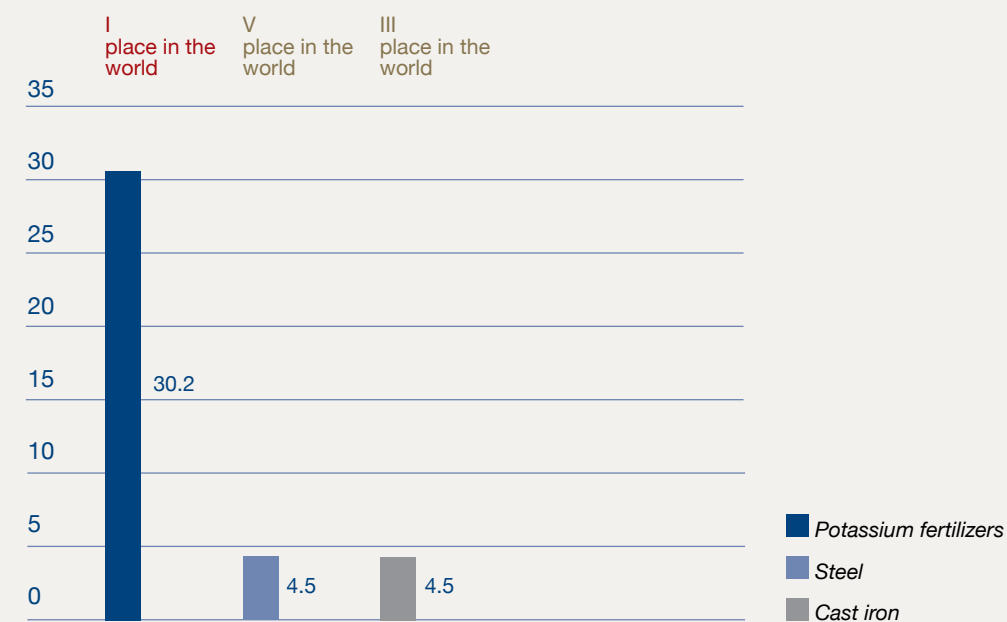


<sup>1</sup> / The data presented encompasses 5 countries: the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation

## Output of agricultural produce EAEU share in the world production (%)<sup>2</sup>



### Production. EAEU share in the world production (%)



<sup>2</sup> / Data by FAO (up to 2012).



## RESULTS OF THE MUTUAL TRADE IN GOODS PRODUCED IN THE EURASIAN ECONOMIC UNION MEMBER STATES OVER THE FIRST HALF OF THE YEARS 2013 AND 2014.

The volumes of the mutual trade between the EAEU Member States  
in H1 of 2013 and 2014<sup>1</sup>

|            | H1 of 2013 |                             | H1 2014  |                             |
|------------|------------|-----------------------------|----------|-----------------------------|
|            | mIn USD    | total share<br>in volume, % | mIn USD  | total share in<br>volume, % |
| EAEU       | 31,316.5   | 100.0                       | 27,638.7 | 100.0                       |
| including: |            |                             |          |                             |
| RB and RK  | 414.8      | 1.3                         | 413.9    | 1.5                         |
| RK and RF  | 11,466.6   | 36.6                        | 8,737.5  | 31.6                        |
| RF and RB  | 19,435.1   | 62.1                        | 18,487.3 | 66.9                        |

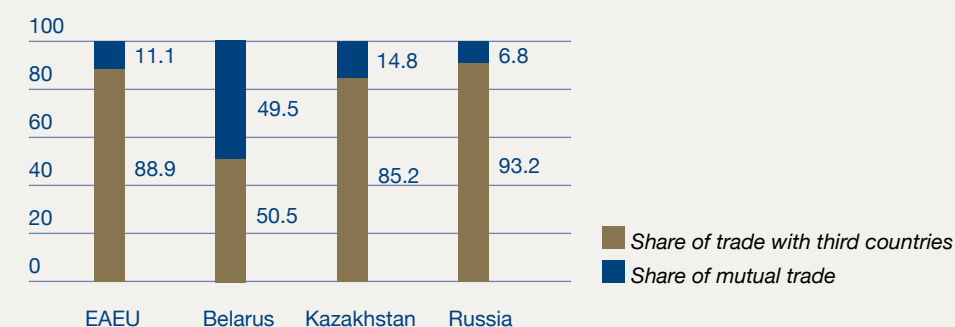
Contributions of the EAEU Member States in the volume of supplies to the common market  
in H1 of 2013 and 2014<sup>1</sup>

|                     | H1 of 2013 |                             | H1 2014  |                             |
|---------------------|------------|-----------------------------|----------|-----------------------------|
|                     | mIn USD    | total share<br>in volume, % | mIn USD  | total share in<br>volume, % |
| Belarus             | 8,548.0    | 27.3                        | 8,005.7  | 29.0                        |
| Kazakhstan          | 3,222.6    | 10.3                        | 2,508.0  | 9.1                         |
| Russia <sup>2</sup> | 19,545.9   | 62.4                        | 17,125.0 | 61.9                        |
| EAEU                | 31,316.5   | 100.0                       | 27,638.7 | 100.0                       |

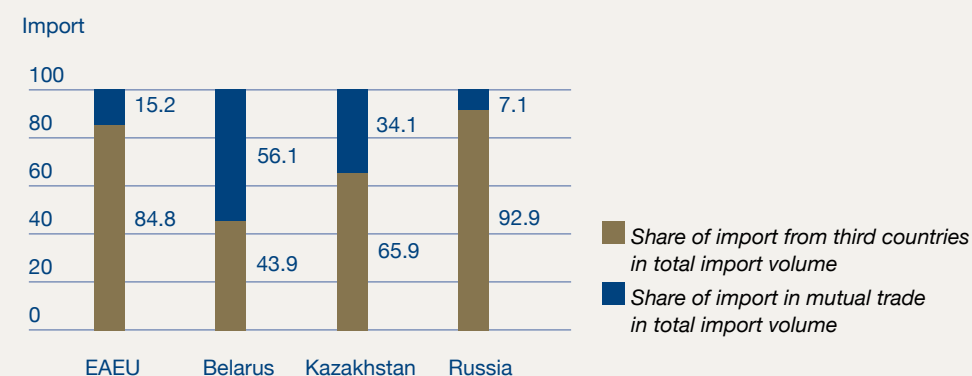
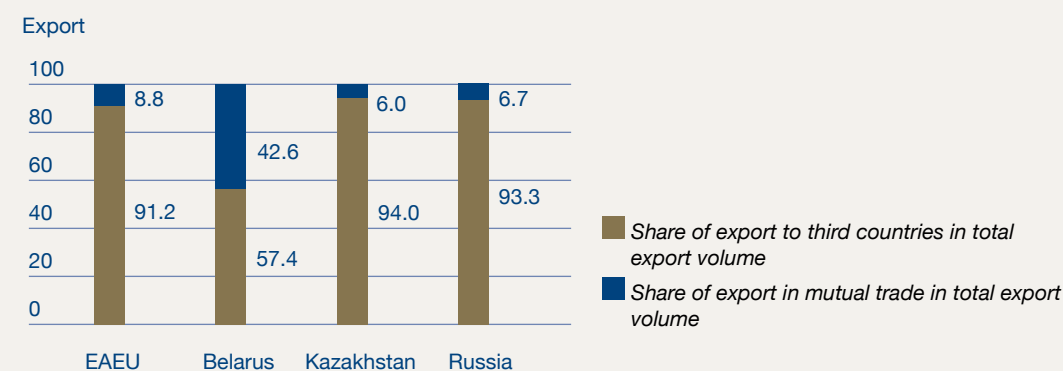
1 / Total monetary volume of the export transactions of the CU and CES member states in the mutual trade.

2/ Data on the Russian Federation export in the mutual trade is generated based on the import data of the Republic of Belarus and the Republic of Kazakhstan in compliance with Decision #15 by The Board of the Eurasian Economic Commission dated February 11, 2014.

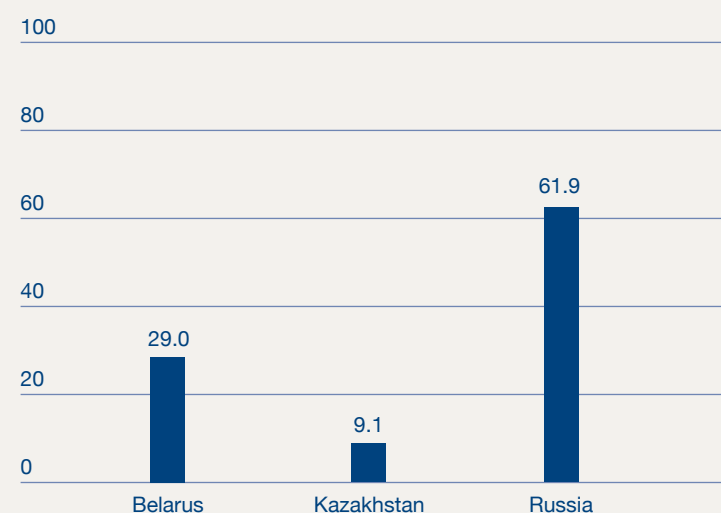
Breakdown of the EAEU total foreign trade volumes and the EAEU Member States  
by type of goods in H1 2014 (%)



Foreign trade balance in general for the EAEU and for the Member States (%)



Contribution of the EAEU Member States to the aggregate volume of the mutual trade in goods for H1 2014 (%)



Breakdown of data on mutual trade of the EAEU Member States by categories of goods with a view of their purpose (investment, intermediate, consumer) for H1 2014 (%)

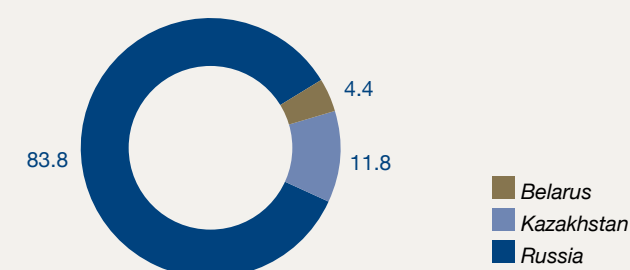
|                          | mIn USD  | % to total |
|--------------------------|----------|------------|
| Export — total           | 27,638.7 | 100.0      |
| where:                   |          |            |
| Investment goods         | 2,727.3  | 9.9        |
| Intermediate goods       | 18,046.0 | 65.3       |
| including:               |          |            |
| energy goods             | 7,877.2  | 28.5       |
| other intermediate goods | 10,168.8 | 36.8       |
| Consumer goods           | 6,462.5  | 23.4       |
| including:               |          |            |
| food goods               | 3,151.8  | 11.4       |
| non-food goods           | 3,310.7  | 12.0       |

## RESULTS OF THE FOREIGN TRADE IN GOODS PRODUCED IN THE EAEU MEMBER STATES OVER THE FIRST HALF OF 2014<sup>1</sup>

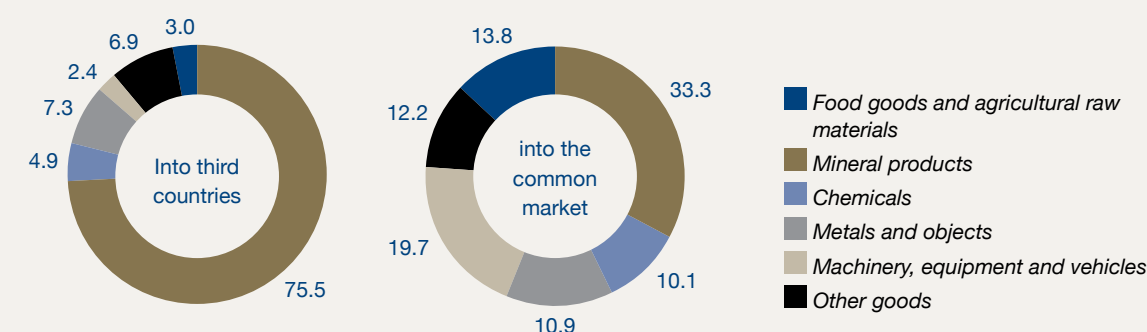
Foreign trade volume of the EAEU Member States with third countries in H1 2014 (bn USD)

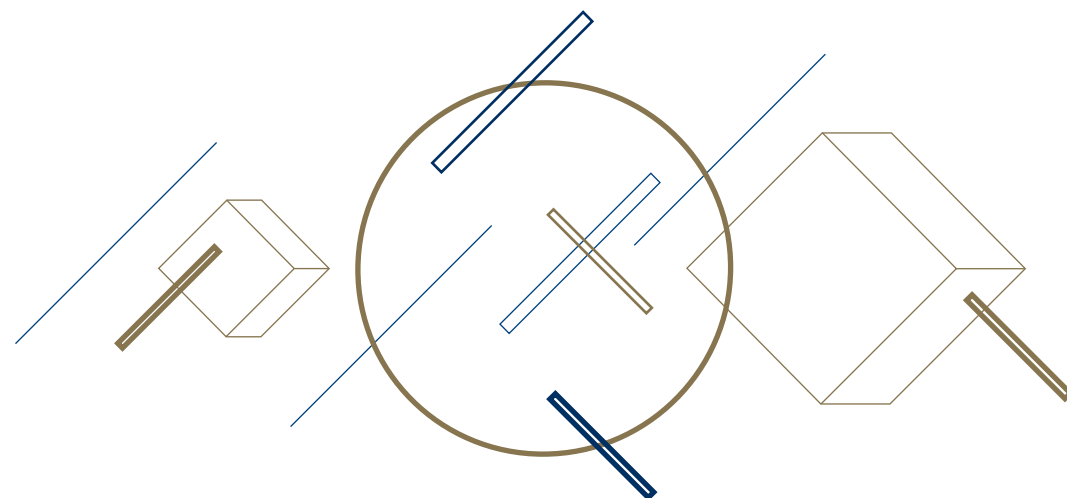
|            | Export | Import | Balance | % by H1 2013 |        |
|------------|--------|--------|---------|--------------|--------|
|            |        |        |         | export       | import |
| EAEU       | 288.2  | 153.9  | 134.3   | 100.7        | 94.5   |
| including: |        |        |         |              |        |
| Belarus    | 10.8   | 8.6    | 2.2     | 102.4        | 89.7   |
| Kazakhstan | 39.3   | 12.6   | 26.7    | 99.7         | 90.0   |
| Russia     | 238.1  | 132.7  | 105.4   | 100.7        | 95.3   |

Contribution of the EAEU Member States to the aggregate volume of the foreign trade in goods with third countries in H1 2014 (%)



The structure of the foreign trade export of the EAEU Member States to the third countries and to the common market (%)





## WHAT IS THE CUSTOMS UNION

The establishment of the Customs Union means a common market to emerge for 179 million consumers and operate based on application of the common Customs Code, the Common Customs Tariff, the system of protective measures for domestic market, the common system for the foreign trade and customs regulation and also the common legal environment in the field of technical regulation with no customs duties and economic restrictions.

The Customs Union, The Customs Union is primarily a way to ensure free movement of goods. That's why the key directions of integration work at the first stage were customs cooperation, trade and technical regulation. The main task which was resolved by the Member States at the CU Stage was to design a common legal framework in the key areas and to create conditions for harmonization of the national legislations in other areas brought up from national to supranational level..

However, the process of the Customs Union construction was started with an Agreement on the Customs Union between the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation signed by the Heads of the government states in January 2007. In October

the same year the heads of the states signed an Agreement to Establish a Common Customs Space and to Form the Customs Union. CU took several stages in its development

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

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

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

As of July 1, 2010 the Commission also received the authority to investigate or take other procedural action available prior to introduction of specific protective, anti-dumping and compensatory measures on the Customs Union territory in respect of the goods of foreign origin.

Thus, since 2011 and to the present day, the Commission has completed 12 investigations: 6 anti-dumping set to eliminate the damage done to the CU industrial sectors by unfair competition from foreign suppliers and 6 special protective cases against loss caused by sharp increase of import to the CU.

On July 6, 2010 the Customs Code of the Customs Union came into effect. The common system of the customs regulation started to work on the customs territory of the three countries. A number of regulatory documents on customs administration were adopted, including unified rules on declaring goods, paying customs charges and unified customs treatments. The common methods for valuing imported goods and determining their country of origin are applicable. A system of information and analytic support to the processes of customs-tariff and non-tariff regulation was created. It resulted in serious reduction in number of documents needed to register for customs declarations. The goods declaration rules common for business on the CU customs territory were established. The process of customs clearance itself became more transparent, uniform and convenient for the subjects of international trade.

In order to increase the efficiency of customs authorities, a reference list of crossing points on the CU external border was approved; an implementation of mandatory advance notification on the goods imported to the CU territory by road or rail ensured. The work to prepare a similar solution for the goods imported by air has been performed as well.

Within 2010–2014, the rules of transit for goods dedicated to large international sports events have been simplified to a significant extent.

The customs declaration of the motor international transportation vehicles registered in the CU and CES member states and leaving the territory of the Customs Union unloaded was simplified. For cases of such vehicles leaving CU, it is set forth to present to the customs their state registration certificate only. The

simplifications of the kind allowed to improve the environment for the services of international transportation, make easier the applied customs procedures when crossing the customs border and reduce their duration let alone they shortened the queues to the automobile border-crossing points.

At this stage of integration, it has been arranged for maintaining statistics on foreign and mutual trade between the member states. A unified statistics base on ten digits of IT CN (International Trade Commodity Nomenclature) was created. This provides a detailed outlook at the structure of export and import transactions giving business a possibility to swiftly track unfair international competition and submit an application supported with evidence for Commission to investigate as appropriate.

The mutual trade in the CU is organized to apply the procedure for collecting indirect taxes, establish the practice of information exchange between the tax authorities of the three countries in the electronic form on the paid sums of indirect taxes.

Agreement on Establishment and Application in the Customs Union of the Procedure for Transferring and Distributing Import Customs Duties (other Duties, Taxes and Fees Having Equivalent Effect) is in force. The import customs duties are credited to the common account of the authorised authority of that member state where they are subject for payment. The paid duties are distributed into the state budgets of the triad in compliance with following agreed breakdown: Belarus — 4.7%, Kazakhstan — 7.33%, Russia — 87.97%.

As of July 1 2011, customs control on the internal borders between Belarus, Kazakhstan and Russia was completely lifted. All types of customs control and clearance were moved to the external CU border. Thereby the consolidation of the unified customs territory was finalized. Goods and vehicles produced in the CU and in third countries (after their release for domestic consumption) are in free circulation within the CU borders.

1 / On February 2, 2012 the Eurasian Economic Commission started to function.

By the end of 2011, the contractual and legal base of the Customs Union was formed to count at this stage over 70 international treaties and over 900 solutions by the Commission of the Customs Union.

On July 16, 2012 the Council of the Eurasian economic commission approved a new edition of the Commodity Nomenclature of the External Economic Activity and the Common Customs Tariff of the Customs Union with regard to terms of Russias joining the WTO.

To further simplify the transit of goods, it was already at this stage started to determine the Main areas of focus to improve the customs management in the CU in 2012–2015 which, if implemented, will allow declaring the goods mainly in the electronic form, ensure technologies of preliminary notification and declaration of goods evolving. It is expected that this work will aid to transferring focus from customs to after release stage to control the goods.

Action in the sphere of the technical regulation, sanitary, phytosanitary, veterinary measures including that to design and adopt the technical regulations of the Customs Union (CU) and the interstate standards appeared to become the most crucial area of this stage. It is

a key element in formation of a common market with no technical barriers, with unified requirements to safety of the goods and with a unified base of standards. The contemporary regulatory framework in the sphere of technical regulation also ensures the growth of the products competitive value on the common customs territory as it stimulates the technological evolution of the industrial enterprises of the three countries.

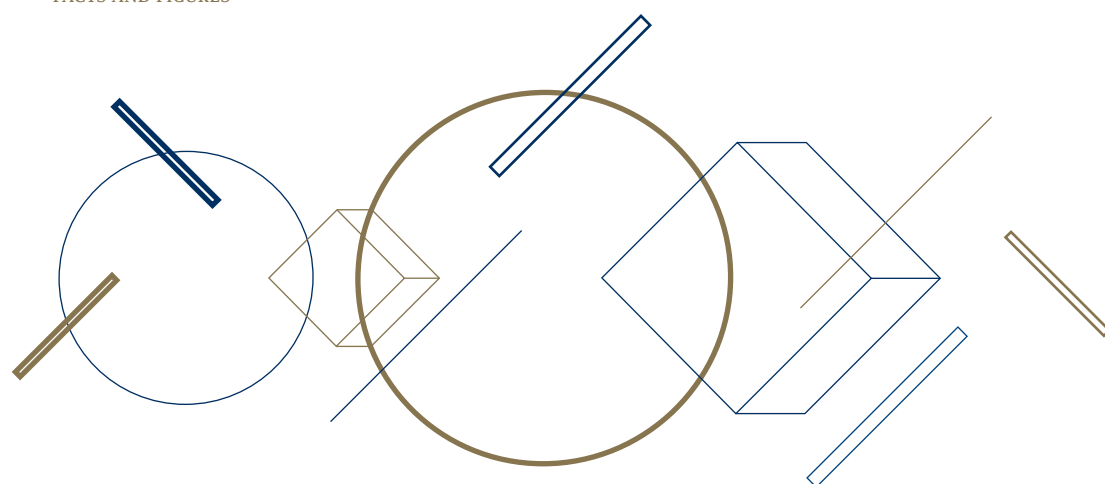
The Eurasian Economic Commission that started to operate on February 2, 2012 was granted all the powers necessary in the field of the technical regulation, phytosanitary and veterinary measures. By the end of 2012, 24 technical regulations were adopted. While by the 1st of January 2015 the list of adopted technical regulations of the CU embraced already 35 documents, 32 of which came into effect. By this very time the number of standards contained in the lists of standards to the technical regulations of the CU amounted to 8000.

At the stage of the Customs Union, the legal framework to ensure other activities are going on was established that also allowed natural transition to the following integration stage — a Common Economic Space (CES).

## STATISTICS ON RESULTS OF FOREIGN AND MUTUAL TRADE IN GOODS PRODUCED IN THE CU AND CES MEMBER STATES



|         |   |
|---------|---|
| IN 2011 | <ul style="list-style-type: none"> <li>➤ Total foreign trade with third countries in goods produced by CU and SES member states was USD 907.2 bn including export of USD 581.4 bn and import of USD 325.8 bn.</li> <li>➤ Mutual trade (the value of goods exports in mutual trade between CU and SES member states) was USD 63.1 bn. In comparison with 2010 mutual trade increased by 33.9 %.</li> </ul> |
| IN 2012 | <ul style="list-style-type: none"> <li>➤ Total foreign trade with third countries in goods produced by CU and SES member states was USD 934.6 bn including export of USD 593.7 bn and import of USD 340.9 bn.</li> <li>➤ Mutual trade between CU and SES member states was USD 67.8 bn..</li> </ul>   |
| IN 2013 | <ul style="list-style-type: none"> <li>➤ Foreign trade with third countries in goods produced by CU and SES member states was USD 932.9 bn including export of USD 587.7 bn and import of USD 345.2 bn.</li> <li>➤ Mutual trade between CU and SES member states was USD 64.5 bn</li> </ul>   |
| H1 2014 | <ul style="list-style-type: none"> <li>➤ Foreign trade with third countries in goods produced by CU and SES member states was USD 442.1 bn including export of USD 288 bn and import of USD 153.9 bn.</li> <li>➤ Mutual trade between CU and SES member states was USD 27.6 bn.</li> </ul>  |



## WHAT IS THE COMMON ECONOMIC SPACE

To establish a Common Economic Space (CES) is to ensure the so called “four freedoms”: movement of goods, capital, services and labour on the territory of the Customs Union and Common Economic Space. Hence, the main goals of economic integration in the phase of CES “construction” are to create conditions favourable for the principle of free movement of services, capital and labour to take shape and also to eliminate the rest of exemptions preventing the free movement of goods. A main area of concern at the formation stage of the Common Economic Space appeared as a codification of international treaties that establish the CU and CES to implement the short-term integration plans outlined, in particular, as preparation to sign a Draft Treaty on the Eurasian Economic Union (EAEU) by the Presidents of the Member States.

The CES is evolving stage wise as the level of integration is raising via the synchronised between the member states reforms in the economy, through the joint measures aimed at the agreed economic policy and harmonization of the laws pertaining to the economy, trade and other areas regarding the universal norms and principles of international legislation and the best global legislative practices.

On December 19, 2010 an Action Plan to create a Common Economic Space of Belarus, Kazakhstan and Russia was adopted and pursuant to it a package of relevant international treaties was signed. Precisely in a year, by Decision of the Supreme Eurasian Economic Council, 17 basic international agreements establishing the Common Economic Space were commenced as of January 1, 2012. One more agreement was signed in 2013.

Extensive work to ensure the barrier-free movement of goods was carried out at the formation stage of the Customs Union development and had its logical sequence as the CES was being materialized. In particular, integration work to improve the customs laws and streamline the customs proceeds, improve the customs declaring procedures including in the electronic form and implement the principle of priority of electronic information over the paper carriers, to develop the “one-stop-shop” system.

Complicated and comprehensive work was being carried out to discover and eliminate exemptions from free trade regime. It was launched by the Eurasian Economic Commission in the year 2013 by instruction of the Heads of the member states of the CU and CES.

### AGREEMENTS TO FORM THE COMMON ECONOMIC SPACE



1. Agreement on Unified Principles and Rules of Competition ➤ Defines a common approach to anti-monopoly regulation, introduces specific measures restricting the government intervention in the economy.
2. Agreement on Unified Rules for State Support to Agriculture ➤ Sets out the terms and conditions of state support for producers of agricultural products. The maximum level of support is not to exceed 10% of the gross value of agricultural products
3. Agreement on Unified Rules for Granting Industrial Subsidies ➤ Establishes unified rules for granting subsidies for industrial goods.
4. Agreement for Regulating Access to Rail Transport Services, including Tariff Policy Framework ➤ Determines the conditions governing access to infrastructure for freight forwarders in CU member states, introduces standard requirements for freight forwarders and a common tariff policy. Exceptional tariff rates for rail services may be used to subsidize a specific producer only if support cannot be rendered in any other form.
5. Agreement on Trade in Services and Investments in CES member states ➤ Introduces national treatment and most-favored-national treatment in mutual trade in services, although certain exemptions remains.
6. Agreement on Unified Principles of Regulation for Protecting Intellectual Property Rights ➤ Provides for the introduction of a national system safeguarding IP rights in CES member states, and establishment of an international legal frameworks based on international intellectual property agreements which to Russia is a signatory.



7. Agreement on Unified Principles and Rules of Technical Regulation in the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation. ➤ Envisages a coordinated policy on the circulation of goods conformant with the CU technical regulations. Single policy in this area is to be achieved, inter alia, by introducing a single list of products covered by the technical regulations. However, the national legislations of CES member states should not contain mandatory requirements for products not included on the list. The right to approve technical regulations is vested with the Commission.
8. Agreement on State (Municipal) procurement ➤ Introduces national treatment and most-favoured-nation treatment for suppliers in the CU Member States engaged in state and municipal procurement activities, and establishes transparent procurement procedures..
9. Agreement on The Legal Status of Migrant Workers and members of their Families ➤ Lifts restrictions on access to the labour markets of CES Member States for individuals, abolishes quota systems and mandatory work permits for labour migrants, and liberalizes migrant registration procedures..
10. Agreement on Cooperation in Counter Illegal Labour Migration from Third Countries ➤ The agreement defines main areas to counter the illegal labour migration.
11. Agreement on coordinated macroeconomic policy ➤ Envisages the introduction by CES Member States from January 1, 2013 of quantitative macroeconomic parameters, including ceilings for the annual national budget deficit, national debt, and the rate of inflation.
12. Agreement on coordinated Principles of Currency Policy ➤ Serves as a Roadmap for the further alignment of currency legislation. Envisages the gradual lifting of restrictions on currency operations on opening and maintain accounts with CES banks, unified procedures for the import and export of cash assets to and from the CES, and the synchronization of requirements for repatriating currency earnings.
13. Agreement to Create Conditions of Financial Markets that Ensure the Free Movement of Capital ➤ Provides for Information exchange between authorized agencies in the banking sector, foreign exchange market, securities market and insurance sector. And the alignment of legislation governing the banking sector, foreign exchange market, securities market and insurance sector, in compliance with international rules and standards.

14. Agreement on Uniform Regulation Principles and Rules for Activities of Natural Monopoly Entities ➤ Determines the unified legal approach to natural monopoly entities regulation in order to establish a legal framework on formation of unified principles and rules of natural monopoly regulation.
15. Agreement on Access to Services of Natural Monopoly Entities in the Electric Power Sphere, including Fundamental Pricing and Tariff Policy ➤ Provides for the principle of access to energy systems of the adjacent member states of the CES. Access is granted within the technical conditions allow and while the transmission of power is in the first place targeted to satisfy the internal needs of the countries. The Agreement contains other provisions to set forth the principles of interstate electricity transmission between the CES member states including the basics of pricing and tariff policy.
16. Agreement on the Rules of Access to Services of Natural Monopoly Entities for Gas Transportations via Gas Transmission Systems, including Fundamental Pricing and Tariff Policy ➤ Envisages the principle of mutual access to gas transmission systems of CES Member States after fulfilment of the set of measures, including after the transition to equal-netback pricing on gas. Access to gas transmission systems shall be provided within the technical capabilities with account of indicative balance approved by the parties and based on the civil contracts signed by the business entities. Terms of access including tariffs on gas transmission for business entities shall be equal compared to the business entities which are not the owners of the gas transmission systems.
17. Agreement on Organisation, Management, Operation and Development of Common Oil Markets and Petroleum Products in the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation ➤ Prevents CES member states to apply in mutual trade quantitative restrictions and export customs duties pertaining to oil and petroleum products. Whereas the procedure of paying the duty as oil and petroleum products are exported from the customs territory of the Customs Union shall be defined by individual bilateral agreements between the member states. The agreement also defines the terms of access to oil transportation services, sets forth the alignment of norms and standards on oil, information exchange of data on mining, import, export and domestic consumption of oil.
18. Agreement on movement of narcotic drugs, psychotropic substances and their precursors in the customs territory of the Customs Union. ➤ Regulates the transit procedures for drug and psychotropic substances and their precursors in the customs territory of the Customs Union and the Common Economic Space with permissive documents issued by relevant authorities of the Parties and also defines the transit procedure for restricted amounts of said substances and materials by individuals in a form of pharmaceuticals on medical prescription for personal use.



Elimination of barriers in the mutual trade was continued on the basis of aligned customs tariffs, the common customs tariff created and calculated by a method approved by the member states, non-tariff regulatory measures, application of regulatory instruments for trade with third countries. To conduct the target oriented commercial policy aiding to sustainable economic development of the CU and CES (EAEU) countries, the Main directions of the Customs Union and Common Economic Space (Eurasian Economic Union) foreign trade policy development for the period up to 2020. The Document will also support the approval process of the common economic and foreign trade policy of the member states of the CU and CES (EAEU) and creation of the environment enabling business activity development.

Consistent and comprehensive was the work to design and adopt technical regulations and interstate standards in the sphere of sanitary, phytosanitary, veterinary measures and technical regulation. By the end of 2012, 24 technical regulations were adopted. While by the 1st of January 2015 the list of adopted technical regulations of the CU embraced already 35 documents, 32 of which came into effect. By that very time a number of standards contained in the lists to the CU technical regulations reached 8000.

While at the stage of shaping CES the work in customs, trade and technical regulation spheres that used to prevail during the phase of CU was continued, a scope of interaction between the member states to the integration project was expanded by the issues of ensuring the full-scale freedom of services, capital and labour circulation.

Pertaining to that a formation of approved (coordinated) economic policies in the main sectors commenced in view of the following: macro economics, transport, power engineering, agriculture, monetary, migration policies and yet financial markets, protection and enforcement of intellectual property rights.

Thus, the first strategic document in the sphere of macroeconomy — Main guidelines of the macroeconomic policy of the Customs

Union and Common Economic Space countries for the years 2013 and 2014 — was approved by the leaders of Belarus, Kazakhstan and Russia. The document was prepared on the analysis to the social and economic development of the member states of the CU and the CES, their main external risks and internal confinements to sustainable economic growth. It defines the key areas of focus in macroeconomy policy for the Member States to the integration union for a short-term period, namely: supporting the macroeconomy resilience, creating conditions for consistent economic growth by a deeper cooperation in the real economy sectors and evolution of the credit and financial system. Work in both of these areas includes directions that unfold the potential of the Eurasian economic integration, the best practices applied in the member states of the CU and CES, and also the cutting edge global experiences in the said fields.

A draft Programme of the Common Economic Space Transport policy for the period up to 2020, a draft Strategy of the Common Electricity Market, a draft Methodology of Forming indicative balances of energy sources of the member states of the CU and CES have been developed. Thus, a designed coordinated (agreed) transport policy of the CU and CES member states will unlock the transport and logistics potential of Belarus, Kazakhstan and Russia. An implementation of a coordinated (agreed) policy on energy will help ensure a sustainable growth of national economies and energy security of the states, protect the interests of energy consumers and manufacturers, increase the economic effectiveness and safety of energy complex enterprises, enhance efficiency of using the primary energy resources and expand the non-resource export potential.

A similar job was done in the sphere of industrial policy, i.e. in May 2013 the Supreme Eurasian Economic Council at the prime-minister level adopted the Decision “On basic directions to coordinate the national industrial policies of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation”. This

document establishes a strategy of the industrial policy within the CES, defines the main areas of industrial cooperation between the Member States and yet the tracks on cooperation with the Business Dialogue of Belarus, Kazakhstan, Russia and the representatives of the business communities of the Parties. A list of economy sectors in top priority for the industrial interaction within the CU and CES (EAEU) has also been determined.

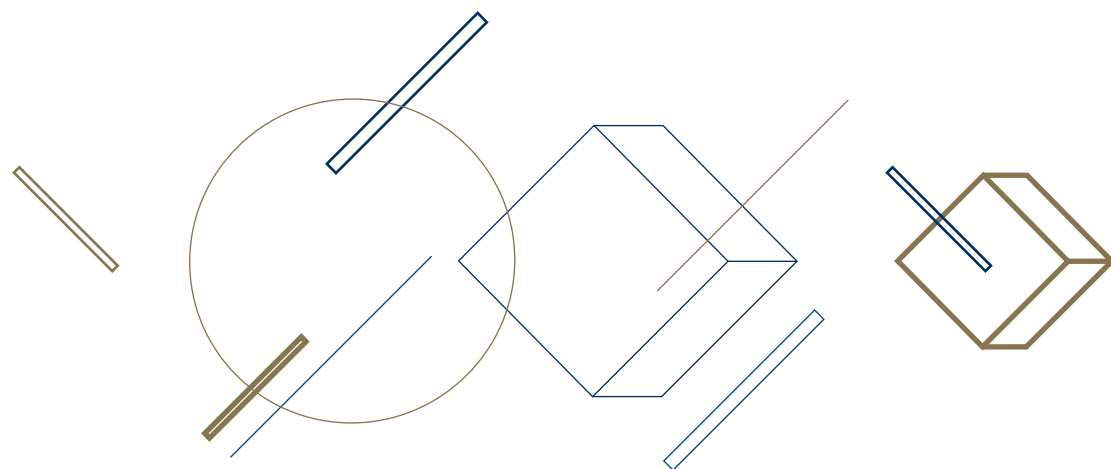
We expect to see the following as a result of the agreed (coordinated) policy on agriculture: shaped transparent environment of mutual trade, increased self-sufficiency of the common market of agricultural products based on the coordinated development of the national segments to it and also a strengthened export potential of agroindustrial complex. The supranational coordination performed by the Commission based on interaction with authorised bodies of the CU and CES Member States at this stage supports the stimulation of the agricultural products market by maintaining the equal competitive terms for production and trade with the agricultural food products, use of resources for agricultural production in order to increase the income of the commodity producers, the food products affordability for consumers.

The Eurasian Economic Commission in close dialogue with the business representatives and the expert community of the three member states to the integrative association was taking action to develop entrepreneurship in the CU and CES countries and create a fully-featured domestic market of financial services in banking, insurance and market of securities. The framework of the Eurasian project was also to

embrace activities to deregulate the investment sphere and a sector of common services — the areas which so far have been integrated to the least extent. Including for the purposes of achieving the free circulation of services, capital and labour a number of basic agreements in the sphere of intellectual property rights protection and enforcement and labour migration has been developed. By May 2014 — a date of signing the Treaty on the Eurasian Economic Union — to supplement the commenced agreements, dozens of agreements and decisions in these areas were signed and adopted including those of direct action.

At this stage of integration and pursuant to a Decision by the Supreme Eurasian Economic Council, the Commission was authorized to supervise the compliance with the common rules of competition at the cross-border markets of the Customs Union and Common Economic Space territories as of January 1, 2014. Delegation of this authority is backed by a Pattern Law “On Competition” approved by the Presidents of the Member States in October 2013. It, in its turn, defines the common methods of dealing with the main provisions of national legislations on competitive policy of the states participants to the integration project as a guideline for legislative work to regulate the competitive policies of Belarus, Kazakhstan and Russia.

The work on further integration development between the participants to the Eurasian economic project made at the stage of establishing the Common Economic Space allowed the CU and CES member states establishing conditions to set up the Eurasian Economic Union (EAEU) that began to function from January 1, 2015.



## WHAT IS THE EURASIAN ECONOMIC UNION

Creating an economic integrative association, a Eurasian Economic Union (EAEU), is summoned to protect the economic interests of the association in general and all its participants in particular.

At the session of the Supreme Eurasian Economic Council held on May 29, 2014 in Astana, a Treaty on the Eurasian Economic Union (EAEU) that will start its operation on January 1, 2015 was signed. The document of almost 1000 pages in volume consists of four parts including 28 sections, 118 clauses and 32 addenda. At the preparatory stage of this Treaty a work to systematize international treaties concluded within the CU and CES had been held, i.e. discrepancies were excluded, the existing norms were optimized and updated, the gaps were filled and a common set of definitions was comprised. The Treaty was set to include norms and rules of EurAsEC in line with the goals and tasks of the Union to ensure the free movement of goods, services, capital and labour and yet provisions of the CU and CES legal and contractual basis brought to compliance with the WTO rules and norms.

Contractual and legal base (68 international treaties) of the Customs Union and Common Economic Space has been the basis of the Treaty on the EAEU which was also supplemented with

new subjects on “constructing” the integration. The discussion to agree upon the most sensitive issues was tense but the Commission in mutual effort with the partners from the Member States was confident and diligent in pursuit to achieve the goal set by the Presidents.

The Treaty within the framework of its capacities ensures free movement of goods, services, capital and labour, as well as coordinated, coherent and unified policies in the economic sectors as specified therein and in international agreements within the Union.

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

The Union shall be an international organisation of regional economic integration and shall have international legal personality. Earlier, the Customs Union and the Common Economic Space used to function within the institutional structure of the Eurasian Economic

Community (EurAsEC). Therefore, the EAEU becomes a meaningful element in a global economic architecture. The Treaty determines that the EAEU shall be entitled to perform, within its jurisdiction, international activity aimed at solving problems encountered by the Union. As part of this activity, the Union shall have the right to engage in international cooperation with states, international organisations, and international integration associations and, independently or jointly, with the Member States as well as to conclude international treaties therewith on any issues within its jurisdiction.

Norms balancing the provisions of the Treaty and other international agreements, on registering the Treaty in the Secretariat of the UN, the provisions on accession to the Union and withdrawal from it and yet provisions on the observers to the Union have been introduced.

From the point of increasing the level of transparency, balance and quality of the supranational regulation and developing the institutional measures to improve the business climate, it is extremely important for the new internal procedure of assessing the regulatory impact of draft decisions by the Eurasian Economic Commission that might affect the environment of entrepreneurial activity to be fixed in the Treaty.

The principle of “four freedoms” postulated in the Treaty as the basis of the domestic market operation has set forth the weaver from the national market protectionist measures in the mutual trade. Finalising the formation of the common market of goods, services, capital and labour is the target of the Eurasian integration at this stage that characterises deeper integration comparing with the previous stages — the Customs Union and Common Economic Space.

Therefore, by tense though positive and trusted discussions the Parties have defined what shall be the focus areas of further integration. For instance, by provisions of the Treaty on the Eurasian Economic Union, as of January 1, 2015, 29 discovered exemptions, barriers and restrictions mainly in the sphere of state procurement shall be eliminated. Besides, pursuant to provisions of the Treaty on the Eurasian Eco-

nomic Union, 31 discovered exemptions in the spheres of industrial policy, and also sanitary, veterinary and sanitary and yet phytosanitary quarantine measures will be removed within certain transitional periods.

For a common market of services, the Treaty defines the legal framework which will be established in the Union. The important issue is to relief for the service provider from the repeated incorporation as a legal entity with an option to provide service based on the permit on providing the service issued on the territory of the Member State where the providing entity is registered and acknowledgement of the professional qualifications of the service provider’s staff. Among others, the conditions for the provision of the service by the service provider’s staff of one Member State to recipients of services on the territory of another Member State. The guarantees for the receivers of service are fixed in the Treaty.

Also, the leaders of Belarus, Kazakhstan and Russia have agreed to hold a coordinated energy policy and the formation of the common energy markets (electricity, gas, oil and petroleum products) on the basis of the general principles. The Treaty suggests that this task will be implemented in several phases and finalized by 2025: forming a common electricity market of the Union and access to the services of natural monopoly entities in the electric power sector is expected to be completed by 2019, and common markets of gas, oil and petroleum products — up to 2025.

The Treaty defines regulatory regime for medicinal drugs and medical devices circulation — as part of the EAEU by January 1, 2016 a common market of medicines and a common market of medical devices (medical devices and medical equipment) will be created. These are new spheres of integration and interaction of the Member States of the Eurasian Economic Union. In order to ensure the formation of common markets, a single registers of registered drugs and medical devices will be formed. Common markets of medicinal drugs and medical devices will operate on the basis of the decisions

by the Commission establishing common rules for registration, rules for conducting research (tests), as well as other rules and requirements that govern the individual stages of the circulation of medicines and medical devices.

The Treaty defines the main priorities of transport policy on the territory of the Eurasian Economic Union in the long term. The parties agreed on stepwise liberalization of freight forwarding on the territory covered by the Union that primarily is pertaining to road and rail, air and water transport. The Member States will implement coordinated (agreed) transport policy aimed at ensuring economic integration, the formation of a common transport space.

Also an agreement on the formation and implementation of an agreed agricultural policy was reached. Forecasting in the agricultural sector, state support for agriculture, regulation of common agricultural market, unified requirements in the production and circulation of products, the development of exports of agricultural products and foodstuffs, scientific and innovative development of the agroindustrial complex (AIC), AIC integrated information support are the main directions of the agreed (coordinated) agricultural policy. It is also important that the implementation of policies in other areas of integrative interaction, including in the field of ensuring sanitary, phytosanitary and veterinary-sanitary measures for agricultural products, will be delivered in view of the goals, objectives and directions of coherent agricultural policy.

As for industrial policy, the Treaty substantially expands upon the legal framework of the Customs Union and the Common Economic Space, which used to regulate the questions of industrial subsidies only. Goals, objectives, principles and mechanisms of industrial cooperation in the Union were defined, whereas it was set forth that the development and implementation of policies in trade, customs and tariffs, competition in public procurement, technical regulations, business development, transport and infrastructure, and other areas will take into account the interests of industrial development of the Member States.

Effective functioning of the Eurasian Economic Union is impossible to be imagined without a coherent macroeconomic policy, which includes the development and implementation of joint actions of the Member States of the Union in order to achieve balanced economic development. Under the Treaty, the main directions of coordinated macroeconomic policy are the formation of uniform principles of functioning of the economy of the Member States of the Union and ensuring their effective cooperation and yet the development of common principles and guidelines for predicting the social and economic development of the Parties.

As part of the creation and dissemination of official statistical information in the Union the Treaty lays down the principles of its formation. In addition, it is provided for granting the Commission with such powers as the development and approval of the methodology of the formation of the Union of official statistical information compiled on the basis of official statistics of the Member States, as well as development in conjunction with the competent authorities of the Member States and the approval of the program of integration in the sphere of statistics.

The Treaty on the Union brings up to a new level such direction as cooperation of the Member States of the Union, in labour migration. In order to expand the scope of possible employment to the workers of the Member States the possibility of employment, not only in the employment contract, but also by civil contract will be provided. Also, no limitations established by the legislation of the Member States in order to protect the national labour market will apply.

To ensure a consistent regulation of financial markets at the end of turn-based harmonization of legislation, the EAEU Member States agreed to the inevitability of proceeding by 2025 onto the creation of a Single supranational authority to regulate financial markets.

In the sphere of taxes and taxation it provides that Member States of the Union define areas of cooperation between tax policy pertaining to harmonization and improvement of tax legislation, including a collection mecha-

nism for indirect taxes in the performance of work, provision of services, the convergence of interest rates on the most sensitive excisable goods. Basis of the arrangements is in the principle of non-discrimination, which will allow avoiding unfair competition and dumping in mutual trade in goods and services.

As for the public procurement the Treaty keeping the provisions of the legal framework of the Customs Union and the Common Economic Space on granting the national treatment, clearly establishes that this treatment shall be provided to the Member States. Whereas, the Union will have the enhanced methods of executing procurement. The request for proposals, allowing you to select the best offer has been suggested, not only by the criterion of price, but also on other criteria, such as: period of work, quality of work (qualification of participants). In an open competition, it is possible to use two-stage procedures of a preliminary selection.

For the first time, the Parties agreed to pursue an agreed policy in the sphere of consumer protection on the territory of the Union. Earlier, the CU and CES legal base did not include such provisions. The Treaty stipulates that this policy is aimed at creating equal conditions for the Member States' citizens of protecting their interests from unfair activities of business entities operating within the Union. It has been determined that the citizens of the Member States of the Union, as well as other persons living on their territory, shall enjoy the same legal protection in the field of consumer protection on the territory of other Member States as the citizens of other Member States.

Apart from the content of industry, in the development of the Treaty the tasks of creating the institutional framework of the Eurasian

Economic Union were present. The Treaty lays down the structure of permanent institutions of the Union. The main body of the Union is the Supreme Eurasian Economic Council (SEEC), which is composed of Heads of the Member States. SEEC sessions are held at least once a year. The Supreme Council determines the strategy, directions and prospects for the formation and development of the Union and makes decisions aimed at implementing the objectives of the Union; At least twice a year the Eurasian Intergovernmental Council (EIC) at the level of Heads of Government is summoned to consider, as proposed by the EEC Council, any issues for which no consensus was reached during decision-making in the Council session; As a permanent supranational regulatory body of the Eurasian Economic Union, the Eurasian Economic Commission continues its work. It consists of the Council of the Commission and the Board of the Commission. The judicial branch is represented by the Court of the Union.

Before the independent judicial body of the Union was created the disputes within the Customs Union were resolved in the Court of EurASEC. The purpose of the Court of the Union will be to ensure the uniform application by the Member States of international treaties in the framework of agreements concluded with third parties, and decisions taken by the Union.

January 1, 2015 is the beginning of a new stage in the development of the Eurasian economic integration. Running a fully functioning Eurasian Economic Union means not only fixing the de facto deeper level of economic integration in the Eurasian space in comparison with the stages of the Customs Union and the Common Economic Space, but also the assertion of legitimate strategy for further development of integration.

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THE PRESIDENT OF THE REPUBLIC OF BELARUS  
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Karim Masimov



THE PRIME-MINISTER OF THE GOVERNMENT  
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EURASIAN ECONOMIC COMMISSION

COUNCIL OF THE EURASIAN ECONOMIC COMMISSION



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OF INTERNATIONAL ECONOMIC INTEGRATION  
AND REFORMS OF THE REPUBLIC OF ARMENIA  
Vache Gabrielyan



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Vasily Matyushevsky



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FIRST DEPUTY PRIME-MINISTER OF THE  
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- Consultative Committee for Statistics
- Consultative Committee for Macroeconomic Policy

- Consultative Committee for Migration Policy
- The Consultative Committee for Tax Policy and Administration
- Consultative Committee for Intellectual Property
- Consultative Committee for Entrepreneurship
- Consultative Committee for Financial Markets

- Consultative Committee for Industry
- Consultative Committee for Agroindustrial Complex

- Consultative Committee for Trade

- Consultative Committee for Technical Regulation, Application of Sanitary, Veterinary and Phytosanitary Measures

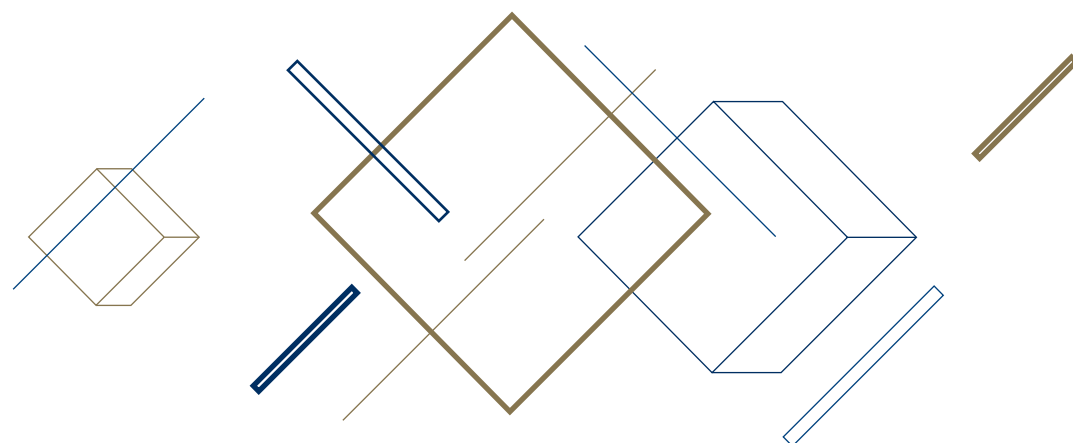
- Consultative Committee for Customs Regulation
- Consultative Committee for the Interaction of Regulatory Bodies at the Customs Border of the CU

- Consultative Committee for Oil and Gas
- Consultative Committee for Electric Power Engineering
- Consultative Committee for Transportation and Infrastructure
- Consultative Committee for Natural Monopolies

- Consultative Committee for Competition and Antitrust Regulation, Price Regulation and State (Municipal) Procurement

For the period up to February 1, 2016 the Republic of Armenia shall be represented in the Board of Eurasian Economic Commission by three members of the Board of the Eurasian Economic Commission, holding a single vote, without assignment of areas of competence.





## AREAS OF ACTIVITY OF THE EURASIAN ECONOMIC COMMISSION



The Chairman of the EEC Board  
**Viktor Khristenko**

The Chairman of the EEC Board organises the activities of the Commission Board and bears responsibility for the exercise of its functions. He shall be appointed by the Supreme Eurasian Economic Council for a four-year tenure on a rotational basis without the right of prolongation.



Member of the Board — Minister  
in charge of the Development  
of Integration and Macroeconomy  
**Tatyana Valovaya**

### Macroeconomy

The activities of the Eurasian Economic Commission within the coordinated macroeconomic policy improves the quality of life and well-being of the population by creating conditions for achieving and maintaining a stable and sustainable economic growth of the Member States of the EAEU and integrative association as a whole. Activation and support to domestic sources of growth are provided within the formation of additional sources of development through the use of integrative potential of association as a whole and the competitive advantages of the Member States in order for each Member State to obtain additional economic benefits.

### Development of Integration

The purpose of the assignment is in strengthening the economic cooperation between the EAEU Member States and creating conditions for a constructive and effective dialogue that takes into account the interests, goals and priorities of all its participants. Ensuring the effective functioning and development of the Eurasian Economic Union is the main problem posed by the Heads of the Member States, i.e. the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation to the Eurasian Economic Commission and enshrined in the Treaty on the Eurasian Economic Union. Yet other tasks are resolved within the assignment, namely: the systematic work on the analysis of the impact of integration on the economic and social development of Member States is carried out to assess the economic efficiency of the project, which allows for strategic planning on deepening the integration; dissemination of information on eurasian economic integration, including abroad — a condition for adequate perception of the project on the territory of the Member States and in the world.

### Statistics

Prompt and open access to statistical data is one of the factors which contribute to increasing the competitiveness of the EAEU economies and improve the investment climate in the Eurasian economic space. The Commission's activities in statistics promotes the transparency of the integration processes in their statistical measurement. The Commission is working to support the integration process with diverse and timely statistical information and analytic materials on the socio-economic development of the EAEU Member States.



Member of the Board — Minister  
in Charge of Customs Cooperation  
**Vladimir Goshin**

### Customs Cooperation

Creating favourable conditions for the business environment and entrepreneurial activity, customs regulation is one of the factors stimulating economic development of the EAEU countries. Thus, the main long-term goal is to create simple and effective mechanisms of customs administration for entrepreneurs. The developed and adopted measures are aimed at stimulating business in a transparent way, while maintaining the proper level of control over the movement of goods. Customs policy is an important regulatory tool whereby the Eurasian Economic Commission can stimulate the growth of production in the countries of the Customs Union, especially in the export product sectors. As the world practice shows, the real effects of integration appear as a result of increasing mutual trade, including through the removal of tariff barriers and yet as the mutual benefits are used as integration deepens. Reducing the duration of customs procedures helps businesses, including small and average, contributing to improving the business climate in general.

The transfer of customs control on the CU outer border is associated with the implementation of the fundamental principle of the EAEU functioning, i.e. the principle of “four freedoms”: freedom of movement of goods, services, capital and labour on the Member States terri-

tory. Improvement supranational model of customs administration directly affects the business climate in the EAEU Member States. Additional positive effect is to reduce the level of corruption at the border and increase collection of customs duties. An important factor for sustainable development of the Eurasian Economic Union is effective foreign economic activity. Pursuing it is impossible without enabling conditions in a number of interrelated fields: customs, transportation, logistics, information and technical, banking and legal. However, all of these spheres have a common point of application, a customs regulation. Therefore, it is through the customs sphere it is possible to unite all the controlling authorities in the system of “one-stop-shop”.

The sphere of competence of the customs unit of the Commission includes a wide range of issues of customs regulation, including various aspects of the legal regulation of relations connected with the movement of goods across the customs border of the Eurasian Economic Union, their transit across the EAEU common customs territory and under the customs control, temporary storage, customs declaration, clearance and use in accordance with the customs procedures of customs control, customs payments.



Member of the Board — Minister  
in charge of Trade  
**Andrey Slepnev**

### Trade

Today the efforts of regulators in the sphere of trade should be focused around inclusion of domestic products in the global added value chains and the formation of their own production chains. By encouraging the production of export-oriented, internationally competitive products the set task of import substitution without conservation is solved.

Accordingly, the bloc Eurasian Commission on trade faces a number of challenges: increasing the competitiveness of the EAEU goods, streamlining access to the markets of third countries, the formation of joint policies and practices to promote the EAEU goods.

In order to improve the competitiveness of the goods by the countries of the Union, the Commission is constantly working on “fine tuning” of the customs tariff: for example, by reducing the rates of customs duties on components, raw materials, equipment. This allows manufacturers to reduce costs and the cost of finished products, as well as stimulate the development of technologies in the EAEU, support exports and international cooperation.

In the same vein, the Commission continues to work on the application of reasonable and adequate measures to protect the domestic market and combat anti-competitive practices of trade partners from third countries.

In the direction of increasing access to markets of third countries Commission's efforts are focused on the development of trade regimes with priority partners.

A network of free trade agreements, agreement on free trade zone with Vietnam may be signed in the first half of 2015, the work of joint research teams from Israel, India, Egypt is being carried out.

Regular dialogue on trade with MERCOSUR should begin in 2015.

The Commission is examining the possibility of concluding economic partnership agreements, the purpose of which is to form the preconditions for deeper integration.

The Commission prepares a package of measures to promote exports within Art. 41 of the Treaty on the EAEU, which will be used in conjunction with the countries of the Union. It is necessary to establish mechanisms of co-insurance and export credit, policy to support and promote the EAEU cooperation products, marketing campaigns, creating a system of voluntary certification.

In addition, the Commission constantly monitors the restrictive measures against the EAEU goods by third countries, and from 2015 it will also be involved in the work to eliminate them.





Member of the Board — Minister  
in Charge of Technical Regulation  
**Valery Koreshkov**

### Technical Regulation

The task of the assignment is to create a modern regulatory framework in the field of technical regulation, to form the appropriate conditions to ensure the safety of products in the EAEU Member States' markets, increase business competitiveness and living standards of the population. Technical regulation is the basis providing the safety of product throughout their life cycle. Mechanisms inherent in the technical regulation can eliminate many barriers to trade, thus ensuring freedom of movement of goods. Objectives of technical regulation within the EAEU lie in three interconnected planes touching the legal regulation of relations in the field of determination, application and implementation of mandatory requirements to products and production processes, construction, installation, operation, storage, transportation, marketing and utilization; in the application of voluntary standards aimed at the implementation of such requirements; in the assessment of product compliance with technical regulations of the Eurasian Union. The aims of designing and adoption of technical regulations is to ensure in the common customs territory the protection of life and health, property, environment, life and health of animals and

plants, prevention of actions misleading consumers and to ensure energy efficiency and resource conservation.

### Sanitary, Phytosanitary and Veterinary Measures

The main issues dealt with by the Eurasian Economic Commission in the area of SPS-measures are the development of regulations to ensure the health and disease, quarantine phytosanitary and veterinary-sanitary safety of the EAEU territory, the scientific rationale for the use SPS-measures, balanced assessment of the existing risks, compliance with the proportionality of restrictive measures and elimination of unnecessary administrative barriers to trade. These issues are addressed in the framework of the main tasks on the board, among which are those to ensure the formation of the agreed policy of the EAEU Member States in the application of SPS measures, sanitary and epidemiological welfare of the population, protection of the common customs territory from the introduction and spread of quarantine objects and epizootic welfare of the customs territory taking into account the harmonization with international standards, guidelines or recommendations. As a result, this policy creates optimal conditions for the free circulation of goods that are safe for human life and health, animal and plant, property and the environment.



Member of the Board — Minister  
in Charge of Energy and Infrastructure  
**Tair Mansurov**

### Energy

The main aim of this field is to pursue coordinated (agreed) energy policy of the Eurasian Economic Union Member States and to create common markets of energy resources, which will ensure a steady growth of national economies as well as energy security. Also it is to protect the interests of consumers and producers with energy resources, improve economic efficiency and reliability of the fuel energy complexes, optimize the use of primary energy resources and to expand non-oil export potential. Long-term stable development of the economies of the Union states is impossible without constantly developing the fuel and energy complex. Therefore, carrying out an effective energy policy aimed at creating a common market of electricity, gas, oil and petroleum products, was defined as one of the most important EEC activities.

### Transport and Infrastructure

The main goal of the assignment is in formation of the coordinated (agreed) transport policy of the EAEU Member States aimed at ensuring economic integration, consistent and gradual formation of a common transport space based on the principles of competition, transparency, security, reliability, availability and safety for environment. This implies primarily taking the agreed measures to ensure the general advantages in transportation and infrastructure, implement the best practices, pursue the integration of the Union countries transport systems into the global transport system, the effective use of transit potential of the EAEU Member States, improving the quality of transport services, provision of transport (technological) security. In the age of globalization the traffic volumes between the countries grow in magnitude, providing new opportunities for the Union for the implementation of the total transit capacity, creating a land bridge between Europe and Asia. The use of synergies in this area is one of the main advantages of integration.



Member of the Board — Minister  
in Charge of Industry  
and Agroindustrial Complex  
**Sergey Sidorskiy**

### Industry

All industrial policies within the EAEU shall be aimed at accelerating and improving the sustainability of industrial development, improving the competitiveness of industrial systems of the Member States, implementation of effective cooperation aimed at increasing innovation activity, and elimination of barriers in the industrial sector, including with respect to the movement of industrial goods of the Member States. Industrial policy within the Union is formed by the Member States in the main directions of industrial cooperation and carried out by them with the advisory support and coordination of the Commission. Objectives, principles and instruments of industrial policy, as well as the competence of the States and the Commission are defined by section XXIV “Industry” of the Treaty on the EAEU. Within the Union it is projected to develop joint measures by the Parties in priority sectors, the development and implementation of international programs and projects, the creation of business infrastructure and ensuring equal conditions for competition.

### Agroindustrial Complex

The EEC activities in the sphere of agroindustrial complex aimed at effective implementation of the resource potential of the EAEU Member States ensuring fair competition between entities of the EAEU Member States, unification of requirements related to the circulation of agricultural products, as well as to protect the interests of producers in the domestic and foreign market. Achieving these goals is delivered through agreed (coordinated) agricultural policy, while goals and objectives to it are enshrined in section XXV “Agroindustrial Complex” of the Treaty on the EAEU. Agreed (coordinated) agricultural policy is implemented by States, taking into account the special nature of the activities in the field of agriculture, not only due to the industrial, economic, but also a social importance of the industry. The result of such a policy should be to create transparent conditions of mutual trade, increase self-sufficiency in the common market for agricultural products and foodstuffs on the basis of the coordinated development of its national segments, as well as enhancement of export potential of agriculture.



Member of the Board — Minister  
in Charge of Competition  
and Antitrust Regulation  
**Nurlan Aldarbergenov**

### Competition and Antitrust Regulation

Competition, antitrust regulation and regulation of the EEC public procurement is the foundation of an efficient economy, stimulating innovation processes and the production of quality products in the Common Economic Space. The boundaries of the Common Economic Space are opened to all its subjects, and so the main task is to create a legal framework for trade and ensuring equal conditions of competition in goods markets and public procurement markets of the EAEU. Thus, according to the Treaty on the EAEU, enforcement of competition rules and suppression of violations on the territories of Member States are pursued by antitrust authorities of the states. In turn, the Eurasian Economic Commission carries out the suppression of such violations on cross-border markets. Thus, from 1 January, 2015 — since the entry into force of the Treaty on the Eurasian Economic Union — EEC gained the right to initiate and consider the violation cases of general rules of competition in cross-border markets, impose a fine on violators and

issue a binding directive to eliminate the violation and its consequences. Decisions of the EEC, as well as of national competition authorities, may be appealed to the Court of the Eurasian Economic Union.

In this regard today a special importance assume such activities as studying cross-border commodity markets, interaction with the national competition authority of the EAEU countries, as well as competition advocacy, which includes holding an open policy on competition and raising the legal awareness of the entities, teaching them the principles and rules of competition law.

Thus, the Eurasian Economic Commission in antitrust regulation, competition policy and public procurement addresses the issues aimed at all classes of the population and is based on the agreed norms and rules in national legislation. The main objective of the Eurasian integration — is to ensure equal conditions and opportunities for the EAEU Member States. This, in turn, is the impetus for positive economic development and competitiveness of the EAEU States in the global market.



Member of the Board — Minister  
in Charge of Economy and Financial Policy  
**Timur Suleymenov**

### Economy and Financial Policy

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

In this regard, an important strategic task of the EEC for the long term is to build a common market of the Eurasian Economic Union, which will ensure free movement of goods, services, investment and labour. In order to achieve this objective it is necessary to build a common financial market, including banking sector, insurance market and securities market as the close coordination of financial, monetary, fiscal and exchange rate policies will form prerequisites for the implementation of the principle of free movement of goods, services and capital. Forming a common financial market of the Member States of the Customs Union and Common Economic Space will ensure the efficient distribution of capital, risk diversification, will increase competition in financial services, remove barriers to mutual access and provide access of business to cheaper loans.

In addition, our goal is to create a common labour market, for which it is necessary to develop a common policy in labour migration, including on the provision of social security, health care for workers — citizens of the EAEU countries and their family members on the territories of other countries of the Union, export of pensions and credited seniority gained in another country — member of the Union.

Another important task of the Commission is to conduct coordinated policy in the field of protection and enforcement of intellectual property in certain aspects on the entire space of the Eurasian Economic Union. This definitely will increase the attractiveness of the Member States for investors, especially in high-tech industries.

The implementation of a harmonized policy in the sphere of business and investment activities in the Member States of the Eurasian Economic Union with the participation of the business community will eliminate excessive administrative barriers, improve the quality of business regulation, improve the business climate, including investment and mutual trade in services on the territory of the EAEU countries.

Gradual formation of a common market of services of the Union is another priority for the Commission. The Treaty on the EAEU defines main principles of liberalization of trade in services with a gradual reduction in a number of limitations and exceptions, which greatly expands the opportunities for business activities of our countries. In the field of tax policy conditions for fruitful work and non-discriminatory operation of business on a common economic territory, removal of all obstacles along the way are being set up. Orderly convergence of excise tax rates on the most sensitive goods comes to the forefront.



Member of the Board — Minister  
**Robert Arutyunyan**



Member of the Board — Minister  
**Karine Minasyan**



Member of the Board — Minister  
**Ara Nranyan**

According to the Treaty of the Republic of Armenia to the EAEU, for the period of up to February 1, 2016 the Republic of Armenia shall be represented in the Board of the Eurasian Economic Commission by three members of the Board of the Commission — Ministers, holding a single vote, without assignment of areas of competence.

The Treaty on Accession of Armenia to the Eurasian Economic Union (EAEU) entered into force on January 2, 2015. Armenia became the fourth full member of the Eurasian Economic Union (EAEU) along with Belarus, Kazakhstan and Russia. The Republic assumed the corresponding obligations, while obtaining access to the common market of the Union which is more than 179 million citizens.

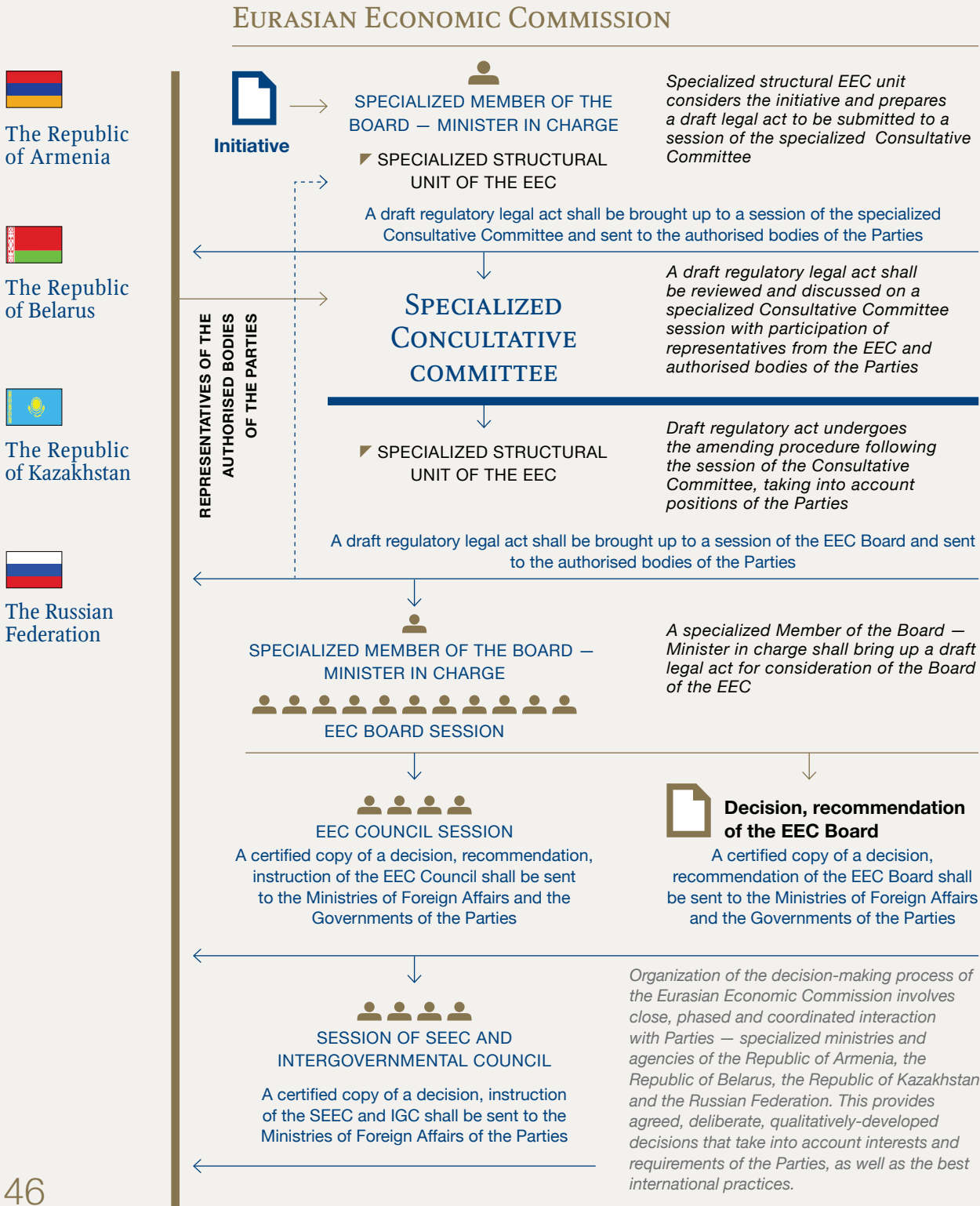
By joining the Eurasian Economic Union, the state was involved in a full-scale implementation of the Eurasian project aimed, on the one hand, at the formation of the “four freedoms”: movement of goods, services, capital and labour, and on the other hand, at the creation of one of the major economic centres of the emerging polycentric world architecture.

Among the expected effects on the economy of Armenia is an increase in sales due to the removal of barriers and minimized administrative costs, an increased labour mobility through an entry to the common labour market, improved sustainability of economic development by reducing the effect of the economic isolation, developing infrastructural projects, participation in shaping global economic agenda through the mechanisms of the Eurasian Economic Union.

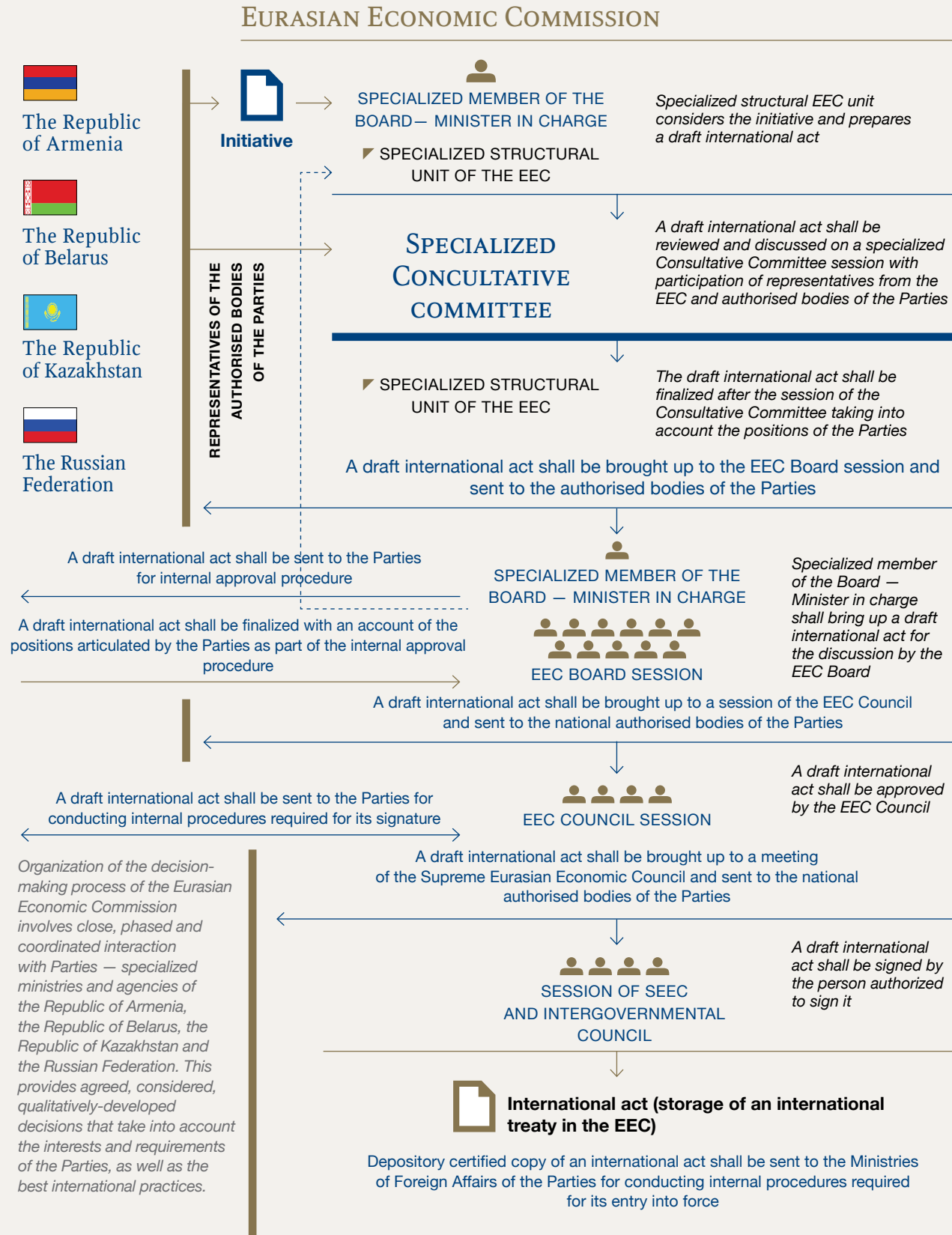


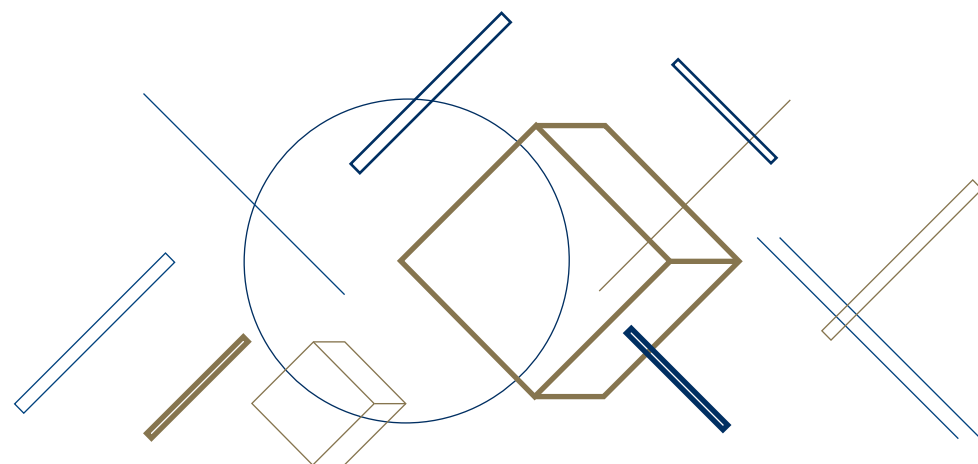
DECISION-MAKING PROCESS  
IN THE EURASIAN ECONOMIC UNION

THE PROCESS OF PREPARATION AND FORMALIZATION OF DECISIONS AND RECOMMENDATIONS OF THE COMMISSION, INSTRUCTIONS AND DECISIONS OF THE SUPREME EURASIAN ECONOMIC COUNCIL, EURSSIAN INTERGOVERNMENTAL COUNCIL AND EEC COUNCIL



THE PROCESS OF PREPARATION AND FORMALIZATION OF INTERNATIONAL ACTS





## EEC INTERACTION WITH THE BUSINESS COMMUNITY

### Comprehensive approach to work

On January 1, 2015 a major integration project — the Eurasian Economic Union (EAEU) was launched. And the prospects of the EAEU development to much extent will depend on how clear, transparent to the business community of the participating States will be the actions of a supranational body — the Eurasian Economic Commission, which is responsible for formulating proposals in the area of economic integration. In fact, we are talking about turning integration into sustainable and a more attractive process from an economic perspective for both business community and citizens of our countries.

The system of interaction with business community in the EEC is arranged in the following manner. In all key areas of functioning of the Commission there are dozens of working groups established, which are now successfully operating. These working groups include experts, representatives of business structures concerned. Together with leading experts, authorized representatives of national bodies and the Commission they interact on a day-to-day basis on topical economic issues, prepare proposals to improve the regulatory legal frame-

work of the Eurasian Economic Union, taking into account basic needs of the market.

There are 18 Consultative Committees established under the EEC, where the heads of a number of large businesses of the Member States of EAEU are presented. This Committees are on macroeconomic policy, statistics, customs regulation, interaction of regulatory bodies at the customs border, trade, technical regulation, application of sanitary, veterinary and phytosanitary measures, oil and gas, electric power, transportation and infrastructure, natural monopolies, industry, agricultural complex, competition and antitrust regulation, price regulation and state (municipal) procurement, tax policy and administration, financial markets, entrepreneurship, intellectual property, migration policy.

### Respect to every opinion

A kind of a supreme body of the Eurasian Economic Commission interacting with business is the Advisory Council, established after the signing of the 2012 Memorandum between the EEC and the Belarus-Kazakhstan-Russian Business Dialogue.

In the Memorandum it is declared that the EEC welcomes increased participation of business community in the integration process and intends to take into account its opinion. Business Dialogue participants are representatives of leading and biggest sectoral business associations of – Member States of the Eurasian Economic Union. The Republic of Belarus is represented in the Advisory Council by the Union of non-profit organizations “Confederation of Industrialists and Entrepreneurs (Employers)”. The Republic of Kazakhstan is represented primarily by the National Chamber of Entrepreneurs of Kazakhstan. The Russian side of business community in the Advisory Council is represented by the All-Russian Association of Employers “Russian Union of Industrialists and Entrepreneurs”, an all-Russian public organization of small and medium business Opora Rossii, Russian public organization “Business Russia” and the Chamber of Commerce of the Russian Federation, as well as by heads of a number of major business entities. The Republic of Armenia which officially became a Member State of the EAEU in 2015 is represented in the Advisory Council by the Armenian Union of Industrialists and Entrepreneurs.

Today the Advisory Council is an important platform where strategic, systemic issues with business associations are considered on a regular basis. In addition, the website of the Commission presents interactive tools — individual operating rooms for all members of the Advisory Council, where they work with documents on-line.

### Removing barriers

The Advisory Council consists of members of the Board — Ministers in Charge in all areas of the EEC activity, country coordinators appointed by the Business Dialogue to keep interaction among members of the Advisory Council of each Member State, as well as of senior representatives of the Business Dialogue

in the relevant areas of interaction. Coordinators put forward proposals to the EEC, which represent a consolidated position of the busi-

ness community of the EAEU Member States on each of the directions mentioned in the above Memorandum and in the provisions on the Advisory Council.

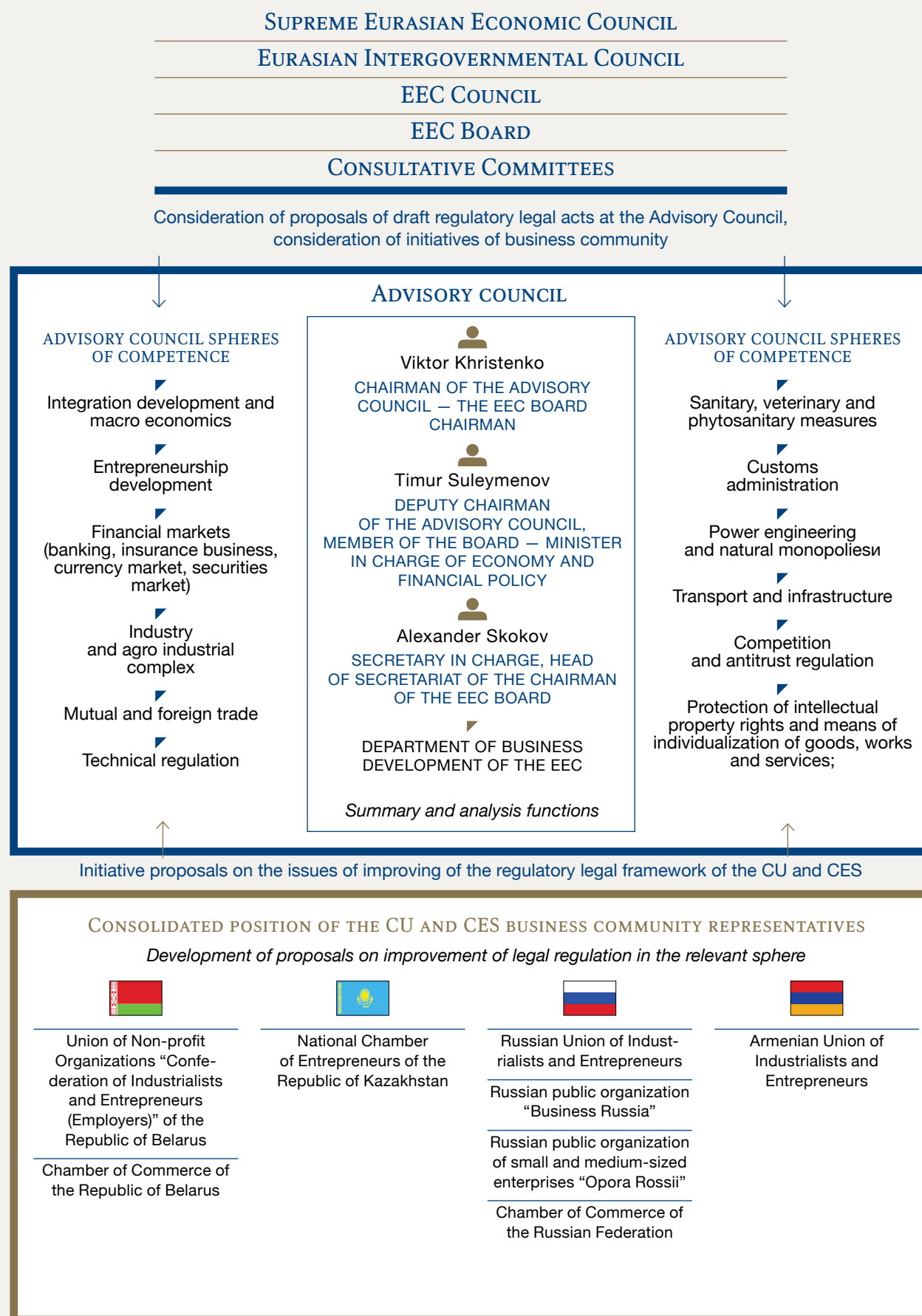
The Chairman of the Advisory Council is Viktor Khristenko, Chairman of the EEC Board, Timur Suleimenov, Member of the EEC Board — Minister in charge of Economy and Financial Policy is his deputy. In the area of responsibility of the latter is Business Development Department, which is a structural unit of the EEC, performing summary and analytical functions to ensure functioning of the Council. In addition, the task of this department is to work on elimination of excessive administrative barriers and on improvement of the quality of business regulation, to improve business climate in – member states of the EAEU, as well as to provide assistance in protection of interests of business entities of the Parties.

As part of advocating entrepreneurship in the EAEU and in order to eliminate excessive administrative barriers for effective business development in the EAEU countries the Commission examines effectiveness of draft EEC regulations that affect business. The work results in putting forward proposals to address those barriers and to improve supranational regulation. To date, a certain part of these proposals has been adopted and implemented.

In addition, the number of internal procedures of the Commission in 2015 will include an assessment of regulatory impact (ARI) of particular draft decisions on business environment within the EAEU territory. ARI procedure prescribes public authorities developing regulatory legal acts, which affect business, to provide rationale for their introduction. Sometimes situations arise when a regulator to a greater extent defends interests of consumers, thus complicating work of manufacturers. To avoid this, business should be actively involved in the process of formulation of documents and in public discussion.

In order to improve business climate in the EAEU countries, a Consultative Committee on Entrepreneurship is established under the

## ADVISORY COUNCIL ON INTERACTION BETWEEN EEC AND BUSINESS COMMUNITY OF THE CU AND CES MEMBER STATES



Board of the Commission. The Committee is supervised by Timur Suleymenov, Minister in charge of Economy and Financial Policy. The Committee's work is focused on systemic elimination of excessive pressure on business, creation of favourable business environment in the countries of the Customs Union and the Common Economic Space.

### Subjects of discussion

At the platform of the Advisory Council the work is being done on systemic and strategic issues of the Customs Union and Common Economic Space, proposals of business community on improvement of the EAEU regulatory legal framework are considered.

The Advisory Council in interaction with business community operates in areas such as: integration and development of macroeconomy, business development, financial markets (banking, insurance sphere, currency market, securities market), industry, agroindustrial complex, mutual and foreign trade, technical regulation, sanitary, veterinary and phytosanitary measures, customs administration, energy and natural monopolies, transport and infrastructure, development of competition and antitrust regulation, protection and enforcement of intellectual activity and means of individualization of goods, works and services.

Following the session of the Advisory Council of October 2, 2013 a decision was made to identify further ways of improving customs legislation with participation of representatives of government and business community. A working group, headed by Vladimir Goshin, Member of the Board — Minister in charge of customs co-

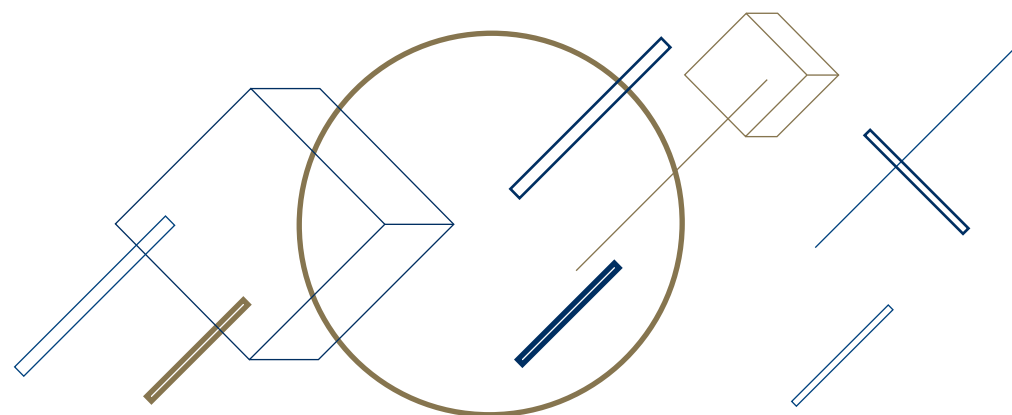
operation of the EEC, on preparation of the draft Customs Code of the Eurasian Economic Union was established. The working group also incorporated representatives of the Business Dialogue.

At a meeting of the Advisory Council on June 18, 2014, development of the technical regulation system, provision of sanitary, veterinary and sanitary and phytosanitary quarantine measures due to the adoption of the Treaty on the EAEU was discussed. It was emphasized that the Treaty preserved the fundamental norms of international treaties signed earlier, and now it includes provisions aimed at further development of integration in the field of technical regulation, including for ensuring the uniformity of measurements, accreditation and harmonization of the EAEU Member States' legislations in the sphere of state control (supervision) and responsibility.

At a session of the Advisory Council in Moscow on December 3, 2014 formation of the EAEU common market of services and further liberalization of relations in this sphere were discussed.

The Chairman of the EEC Board Viktor Khristenko said that formation of a common market of services in the Eurasian Economic Union is important for several reasons: "Firstly, the services already account for more than a half of the CU GDP while the volume will continue to grow. Secondly, the services sector covers a considerable number of industries — from construction and trade to audit or travel. Thirdly, the Treaty on the EAEU coming into force on January 1, 2015 for the first time stipulates the legal framework of the common market of services within the specific commitments of the Union Member States on its formation", — said Chairman of the EEC Board.





## EURASIAN INTEGRATION AS PART OF A GLOBAL ECONOMY

### Eurasian Economic Union: global scale

Regional economic integration is a noticeable trend in the global economy, whose future, probably, will largely depend on the effectiveness of global dialogue of integrational entities and on their internal stability. Therefore, in order to secure a proper place in a new structure of the world economic system, the emergence of which we have been witnessing over recent years, the Eurasian Economic Union Member States develop their project of economic integration.

The Eurasian Economic Commission, within its competence, interacts with external partners: states, international organizations, regional integrational entities. Mutually beneficial dialogue, based on mutual trust and respect is one of the basic principles of the EEC activities both in cooperation with the EAEU Member States and with the third countries.

The Commission within the competences of the Union shall cooperate and exchange experience with international partners from abroad, with leading international organizations and with international expert commu-

nity. International cooperation is intended to help in addressing major challenges of the EAEU economic development, including ensuring sustainable development and predictability of economic relations within the Union and of the Union's external relations.

### Working with new Member States of the EAEU

Over the years 2013-2014 in order to ensure a coordinated process of joining the Customs Union and the Common Economic Space the Commission interacted with the Kyrgyz Republic and the Republic of Armenia. On behalf of the Presidents of the EAEU Member States relevant working groups were established, which provide all conditions required for carrying out this work.

Thus, from January 2, 2015 Armenia acceded to the Treaty on the Eurasian Economic Union. Kyrgyzstan on December 23, 2014 signed the Treaty of Accession to the EAEU and by completing the implementation of the Roadmap expects to become a full member of the Union by the spring of 2015.

As part of the accession of new members, Armenia and Kyrgyzstan were given the necessary consultancy and information support in connection with the forthcoming accession to the common policy of international EAEU cooperation, harmonization of trade regimes. The Commission has also provided active assistance to the acceding countries in preparation of the due negotiating activities under the World Trade Organization on changes in their foreign trade regimes.

### Establishing Free Trade Areas

In world practice signing agreements on the establishment of the free trade areas (FTA) is an effective tool to promote bilateral and multilateral cooperation in the field of trade, economic and investment relations. To date, more than 30 trading partners of the EAEU Member States have shown interest in creation of a free trade area. For example, in 2014 the Commission worked thoroughly on the development of an FTA agreement with the Socialist Republic of Vietnam, by the end of the year negotiations were on the whole completed. In addition, at the earlier, but not less important stages is the work with the State of Israel, Arab Republic of Egypt and the Republic of India.

In 2014, the active work of a joint research group on studying the feasibility of establishing an FTA with Israel and similar procedures with Egypt and India were conducted.

### Elaboration, signing and implementation of international treaties and memoranda

The establishment of dialogue interaction and formalization of cooperation on the issues of trade and economic agenda with the third countries, regional (integration) associations and international organizations

is carried out by the Commission in the form of signing a memoranda.

Today, for such purposes four memoranda were signed — two of them with the People's Republic of China, as well as with the United Nations Conference on Trade and Development (UNCTAD), the Economic Commission for Europe of the United Nations.

In 2014, a work on a new memorandum on cooperation in trade and economic issues — with the common market of South America (MERCOSUR), the Association of South-East Asian Nations (ASEAN) was initiated.

### Interaction with third parties, international integration associations

Interaction with third countries, international organizations and integration associations allows us to study and classify world experience of economic integration and to optimize practices applied in the EAEU, focusing on best international practices. It also allows to establish mutually beneficial forms of cooperation with the third countries and their associations with the widest possible coverage of issues of mutual interest.

In 2013-2014, the Commission worked closely and it continues to work with international organizations, including the United Nations Conference on Trade and Development (UNCTAD), the Economic Commission for Europe (UNECE), the Economic and Social Commission for Asia and the Pacific (ESCAP), the Eurasian Development Bank (EDB), the Russian National Committee of the World Energy Council (WEC RNA). The Commission has an observer status in the UNCTAD.

The Commission established cooperation with the Forum "Asia-Pacific Economic Cooperation" (APEC), with the Common Market of the South (MERCOSUR), the Secretariat of the Association of Southeast Asian Nations (ASEAN), conducted a dialogue with other partners, in particular through the BRICS.

### Meeting the obligations by the EAEU Member States in relation to the WTO at the supranational level

Despite the fact that at the moment of all countries — participants to the EAEU only Russia and Armenia are the WTO members, the regulation of the Union is executed in accordance with the rules and regulations of the WTO. EEC ensures that received antidumping, countervailing and special safeguard measures comply with the WTO rules and disciplines, it also participates in relevant WTO committees.

Issues discussed in the WTO and related to the sphere of the EAEU regulation are reviewed at the platform of the Commission. Thus, the Commission conducted a thorough analysis of the WTO Agreement on Trade Facilitation, which was agreed by the WTO members by the end of 2013 and adopted the decision of the General Council of the WTO in November 2014. After entry into force, its provisions are supposed to be taken into account when improving customs regulation in the EAEU.

A draft decision of the Council of the Commission “On the development of a procedure

for cooperation between the Member States of the Eurasian Economic Union and the Eurasian Economic Commission in international trade disputes with the third world countries” has been developed and is being agreed with the Member States of the EAEU. The main purposes of the document are — consolidation of interaction principles between the Commission and the EAEU countries on WTO matters, including consideration of disputes in the WTO as well as resolution of international commercial disputes in the framework of international agreements with the third countries regarding matters governed by the legal base of the EAEU, including those on which the Commission makes decisions binding on the parties.

Throughout 2013 and 2014 the EEC departments have implemented measures to adapt the economy and the laws of the Customs Union and the Common Economic Space (CES) to the conditions of accession to the WTO. In December 2014 the plan to adapt the economy was fully implemented. Pursuant to the schedule goes the implementation of the Plan of adapting the legislation of the EAEU Member States.

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