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EURASIAN ECONOMIC
COMMISSION

EURASIAN ECONOMIC INTEGRATION: FACTS AND FIGURES

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INTRODUCTION

Dear colleagues,

In 2016, the Eurasian Economic Union (EAEU), an integration association of five partner countries - Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia, celebrates its 1st year of establishment.

The Treaty signed by the Heads of the States on May 29, 2014 in Astana lies in the basis of the EAEU. The Union was the next stage of development of the Eurasian economic integration. The idea was suggested by the President of Kazakhstan Nursultan Nazarbayev back in 1994. The first step involved the establishment of the Customs Union, which has grown into the Common Economic Space.

Today, the Union is a recognized economic integration association having international legal personality. Almost 40 countries have formally expressed their desire to develop trade and economic cooperation with the EAEU, creating free trade areas. Expansion of trade and economic ties should give the impetus for strengthening the role of the Eurasian Economic Union in the world. The EAEU has all the prerequisites to become one of the key elements of the modern global economic architecture.

The Eurasian integration makes the domestic market more transparent and clear for businessmen and investors, thus contributing to its further expansion. Development of economic integration in the backdrop of slowing global economic growth could become a major drive for the diversification and economic development in the member states.

This is the fifth year of functioning of the Eurasian Economic Commission (EEC) - the EAEU permanent regulatory body. In the EEC, the Union countries have a

unique opportunity to participate in the management of the EAEU on an equal footing. Since then, the Commission, together with the Governments and leading business structures of first three and then five countries, have made a lot of work in a number of sectors of economy - in trade, technical regulation, customs administration, fiscal and competition policy, etc.

Within the Union, a market is being created with a population of more than 180 million people living mainly under common transparent rules, with a common system of technical regulation and common customs and tariff regulations. We took on the formation of a common market with the implementation of our basic principles: the free movement of goods, services, capitals and labour. A common market of services began its operation. Plans on the establishment of agreed transport, industrial and agroindustrial policies are being implemented. Much has been done directly for the citizens of the Union - in the field of migration policy, within the framework establishing of common labour market.

One of the main tasks of the Eurasian Economic Commission is to create, with the help of management solutions, an infrastructure of integration that is stable of fluctuations and changes of economic environment and, ultimately, contribution to raising the living standards of the population of the Union countries.

This year, the new Board of the EEC took up its duties. It is a big honor for me to head the Commission. This is a serious responsibility. I and my colleagues - Ministers of the EEC, many of whom have experience in forming of the Commission Board, will face serious and ambitious plans for deepening the integration. This year, we plan to launch common markets of medicines and

medical products, in 2019 - a common market of electric power, to conduct a large-scale preparation for the start of the common markets of gas, oil and oil products, to address other global challenges for the benefit of the citizens of our states.

The strategic success of our countries can be achieved only with the Union's efficient operation. I would like to emphasise that the Commission's activity has no political component. It is aimed at improving regulatory systems, reduction administrative barriers for more reducing development of the Union countries' economies. For this the purpose, the EEC maintains a consistent dialogue with national business communities with regard to all major challenges, as it is business that is the major beneficiary of the Eurasian economic integration. The Commission ensures that the decision-making process is transparent and clear. That is why, all regulatory instruments adopted by the EEC are discussed with business communities.

For the stable development of the economies of the Member States, extension of cooperative collaboration of the Union countries' business is extremely important. The countries of the EAEU face the task to integrate their industrial capacities to produce co-product and enter the markets of third countries.

You're holding a brochure that gives an overview of the Eurasian economic integration, its structure, goals, objectives and prospects for development. I hope that this publication will be useful for all stakeholders.

Tigran Sargsyan

Chairman of the Board of the Eurasian Economic Commission



DEVELOPMENT OF THE EURASIAN INTEGRATION: 1994—2016

From February 1, 2016, new members of the Board of the Eurasian Economic Commission (EEC) chaired by the representative of the Republic of Armenia Tigran Sargsyan started their work. Most of the members of the Board exercised their powers in the previous four-year cycle of the EEC operation, which ensured a high level of continuity in the Commission. The decision that the former Prime Minister of Armenia Tigran Sargsyan would head the Board of the EEC was made in **October 2015** at the session of the Supreme Eurasian Economic Council by the Presidents of the five countries of the Eurasian Economic Union (EAEU) in the Kazakh village Burabay. Taking into account the four-year practice of the Commission, as well as spheres of regulations within the competence of the EEC currently and in the mid-term, the heads of the EAEU Member States changed the number of the Board members. Now, the EAEU Member States are represented by ten Members of the Board — Ministers, including the Chairman — two Ministers from each Member State.

1994

In recent history of the Eurasian integration a new chapter began. Each page is valuable and significant in its own way. It cannot be torn out of the single book for the Member States of the Union without prejudice to the meaning, and its content continues to be added daily. The prologue of this big book starts in 1994,



The Treaty on Deepening of Integration in Economic and Humanitarian Areas



when the leader of the Republic of Kazakhstan Nursultan Nazarbayev proposed creation on the Eurasian space of a really working union of states integrated with economic relationships.

1995

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

1996

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



The Agreement on Formation of the Common Economic Space



1998

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

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

2003

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

2006

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

2007

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

Further acceleration of the integration processes was greatly due to the global economic crisis of 2008. It forced the states to seek new formats of cooperation for sustainable economic growth and new ways to minimize economic risks and also contributed to the convergence of economic policies. All this resulted in the acceleration of the “launch” of the Customs Union.

2010

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



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



2011

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

2012

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 was based on concerted action in key areas of economic regulation: in macroeconomics, competition policy, the field of industrial and agricultural subsidies, transport, energy, tariffs of natural monopolies. The benefit from the CES was clear both to the population and to the business community. Entrepreneurs were given equal access

to the common market of three countries, an ability to freely choose where to register their companies and do business, to sell products in any Member State of the CES without undue restrictions, to have access to transport infrastructure, etc. Creation and gradual adjustment of mechanisms of the single market operation were an important part of the plans of the CU and the CES Member States to move from resource-based economy to innovation economy.

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

2013

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

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

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

On October 24, 2013, at the session of the Supreme Eurasian Economic Council 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 established for this purpose developed a corresponding "road map".

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

2013—2014

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

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



29.05.2014
Signing the Treaty on the Eurasian Economic Union



2014

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

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

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



Commencement of the Common Economic Space





02.01.2015
Accession of Armenia to the Eurasian Economic Union



2015

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

At the same time, **from January 1, 2015**, a single services market, under which service providers were given the maximum level of freedom, began to operate in a number of sectors identified by the EAEU Member States.

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

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

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

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

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

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

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

2016

In the Eurasian Economic Union, the common market of medicines and medical products is scheduled to be launched **at the end 2016**. The common system introduced in the EAEU in this sphere will ensure their safety, efficiency and quality, create optimal conditions for strengthening competitiveness on the global market.

Since March 1, 2016, within the EEC two new departments started their work: the Labour Migration and Social Security Department and the Internal Market Functioning Department. The first one deals with matters related to labour migration and social security of workers, as well as intellectual property matters in the EAEU countries. The main task of the second one is consistent and effective removal of barriers, exceptions and restrictions in the domestic market of the Union.

Over the last four years, with 2015 being the year of particular activity, due to acquisition by the Union of the international legal personality after signing the Treaty

on the EAEU, the EAEU Member States together with the Commission have strengthened the impact of the Union on external directions. Its prestige and importance in the international arena have increased significantly. This is confirmed not only by the expansion of the Eurasian Economic Union after the accession of the Republic of Armenia and the Kyrgyz Republic, but also by the growing interest in close cooperation with the EAEU shown by many countries around the world: China, Vietnam, Iran, India, Israel, Egypt, Singapore, MERCOSUR and ASEAN, and others. An important element of the strategy of economic cooperation in the EAEU may be a direct dialogue between the Eurasian and European Commissions. The prerequisites for such a dialogue have been created.

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



Supreme Eurasian Economic Council



TIMELINE OF EVENTS

- 1994**

Lecture of the President of Kazakhstan Nursultan Nazarbayev in Moscow State University
- 1995**

The Agreement on the Customs Union
- The Agreement on the Customs Union
- 1996**

The Treaty on Deepening of Integration in Economic and Humanitarian Areas
- 1999**

The Treaty on the Customs Union and the Common Economic Space
- 2000**

The Treaty on Establishment of the Eurasian Economic Community (EurAsEC)
- 2003—2006**

The Agreement on Formation of the Common Economic Space

- 2007**

The Treaty on the Commission of the Customs Union
- The Treaty on Creation of the Common Customs Territory and Establishment of the Customs Union
- 2010**

Creation of the Customs Union
- Unification of the customs territories of the three countries into the common customs territory on the basis of the common Customs Code
- 2011**

The Treaty on the Eurasian Economic Commission
- Declaration on Eurasian Economic Integration
- 01.01.2012**

Treaty on the Eurasian Economic Commission

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



Declaration on Eurasian Economic Integration



02.02.2012

Commencement of the Common Economic Space



The Eurasian Economic Commission's commencement of operation

2013—2014

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



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



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



29.05.2014

Signing the Treaty on the Eurasian Economic Union



01.01.2015

The Treaty on the Eurasian Economic Union coming into force



02.01.2015

Accession of Armenia to the Eurasian Economic Union



12.08.2015

Accession of Kyrgyzstan to the Eurasian Economic Union



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

Territory and population

More than
182.7
MLN PEOPLE

More than
20
MLN SQ.KM

14%
of the world dry
land



General economic indicators in 2015, USD bln

1,587.1*

gross domestic product of the EAEU

579.4

volume of foreign trade with third countries

45.7

volume of mutual trade between the EAEU Member States

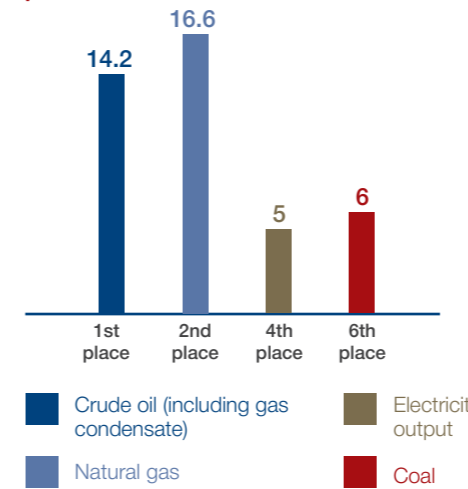
945.5*

industrial production

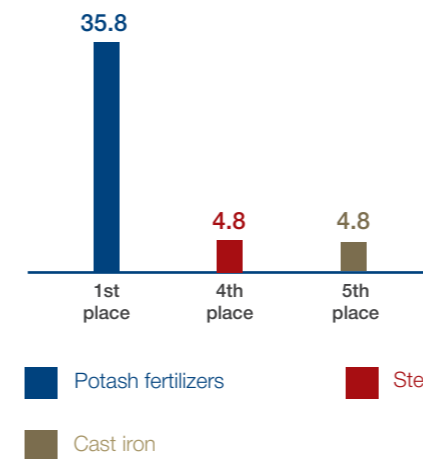
* The data is represented based on the current prices.

WORLD RANKING OF INDIVIDUAL ECONOMIC INDICATORS OF THE MEMBER STATES OF THE EURASIAN ECONOMIC UNION IN 2015 (%)

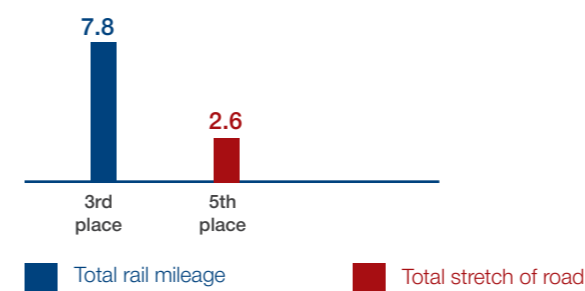
Extraction. The EAEU share in the world production



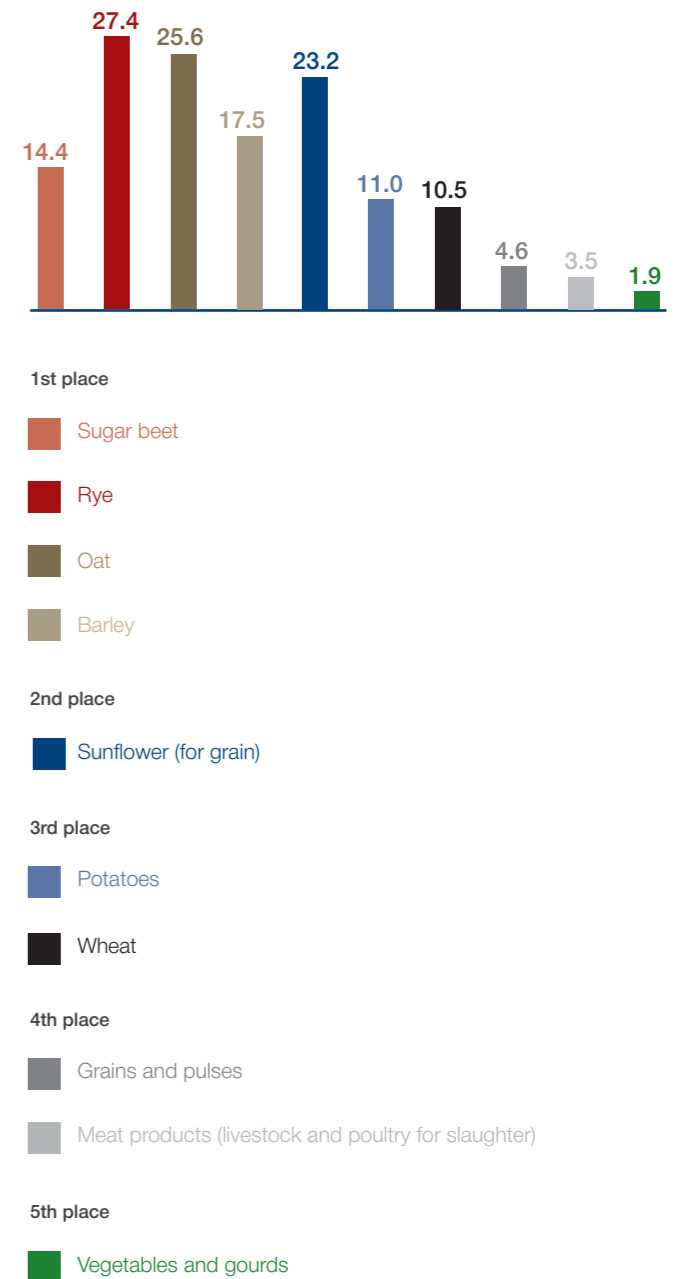
Production. The EAEU share in the world production



The EAEU share in the world road length



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



Results of the mutual trade in the Eurasian Economic Union Member States in the first halves of 2015 and 2016

THE VOLUMES OF THE MUTUAL TRADE BETWEEN THE EAEU MEMBER STATES IN H1 OF 2015 AND 2016

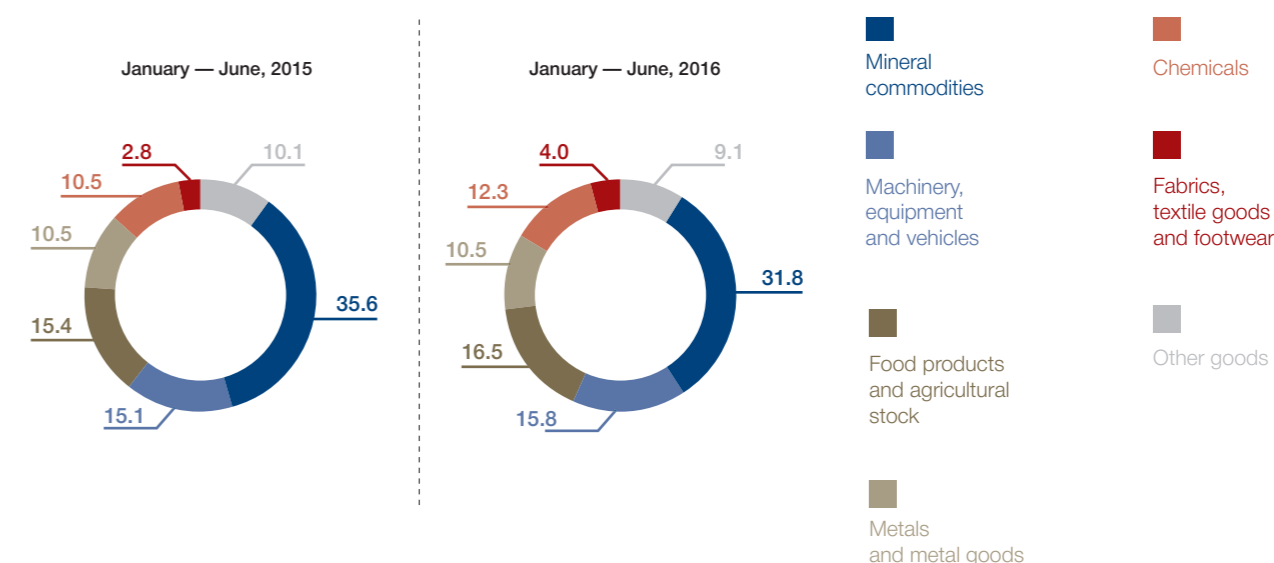
	H1 2015, USD mln	H1 2016, USD mln	H1 2016 in % to H1 2015	Share in volume for H1 2016, %
EAEU	22,870.9	18,979.5	83.0	100.00
including:				
Armenia — Belarus	18.2	13.8	75.7	0.07
Armenia — Kazakhstan	2.8	2.4	82.7	0.01
Armenia — Kyrgyzstan	0.2	0.1	60.2	0.00
Armenia — Russia	570.7	537.6	94.2	2.83
Belarus — Kazakhstan	302.1	157.7	52.2	0.83
Belarus — Kyrgyzstan	21.3	17.7	82.8	0.09
Belarus — Russia	12,789.1	11,825.3	92.5	62.31
Kazakhstan — Kyrgyzstan	487.8	201.7	41.4	1.06
Kazakhstan — Russia	7,930.2	5,682.8	71.7	29.94
Kyrgyzstan — Russia	748.5	540.4	72.2	2.86

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

In H1 2016, in comparison to the same period of 2015, the share of mutual trade in the overall foreign trade within the EAEU increased from 13.4% to 14.2%. In the Republic of Armenia, this indicator has risen from 25.6% to 28%, in the Republic

of Belarus — from 48.7% to 51.8%, in the Russian Federation — from 8% to 8.6%, in the Republic of Kazakhstan the indicator has slightly changed from 21% to 20.8%. The share of mutual trade in the total foreign trade for the Kyrgyz Republic decreased from 45.1% to 36%.

THE STRUCTURE OF MUTUAL TRADE BY COMMODITY AGGREGATES FOR THE H1 2015 AND 2016
(AS PERCENTAGE OF TOTAL), %



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

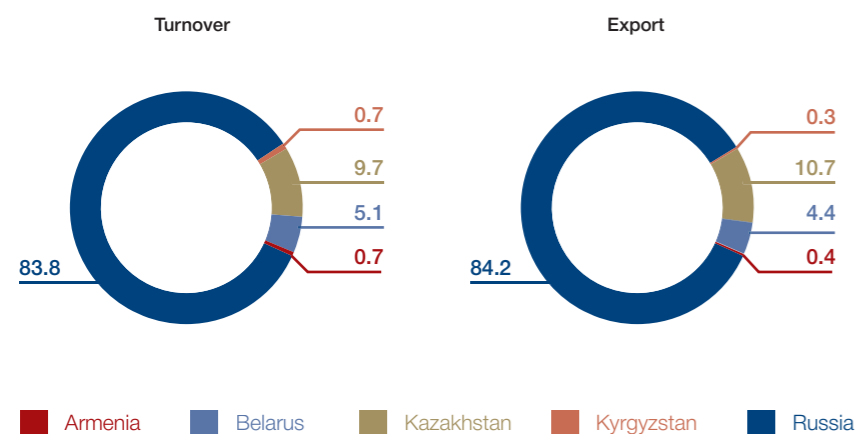
	H1 2015 USD mln	H1 2016 USD mln	H1 2016 in % to H1 2015	Share in volume for H1 2016, %
EAEU	22,870.9	18,979.5	83.0	100.0
including:				
Armenia	95.2	174.8	183.6	0.9
Belarus	5,333.2	4,991.8	93.6	26.3
Kazakhstan	2,751.9	1,803.7	65.5	9.5
Kyrgyzstan	212.9	104.3	49.0	0.6
Russia	14,477.7	11,904.9	82.2	62.7

Results of the foreign trade in goods produced in the EAEU Member States in the first half of 2016

VOLUMES OF FOREIGN TRADE IN GOODS OF THE EAEU MEMBER STATES WITH THIRD COUNTRIES FOR THE FIRST HALF OF 2016, USD MLN

	Export	Import	Balance	In % to H1 2015	
				export	import
EAEU	140,542.7	88,117.4	52,425.3	70.7	89.7
including:					
Armenia	640.2	979.4	-339.2	106.2	95.3
Belarus	6,148.4	5,481.8	666.6	73.4	86.7
Kazakhstan	14,983.1	7,226.5	7,756.6	68.6	72.3
Kyrgyzstan	406.0	1,104.0	-698.0	73.8	114.6
Russia	118,365.0	73,325.7	45,039.3	70.7	91.8

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



Commodity Composition of exports and imports

In the commodity composition of exports of the EAEU Member States to third countries, mineral products (60.7% of the total exports of countries of the Union Member States to third countries), metals and metal products 10.7%, chemicals 6.8% dominate.

The biggest share in imports is taken by machines, equipment and vehicles (41.6% of total imports), chemical products (19.3%), food products and agricultural raw materials (14.4%).

The main share of exports of the Member States (85.9%) falls on intermediate goods, including energy products with 59.1%, other intermediate goods with 26.8%.

In imports of the Member States intermediate goods (43.6% of total imports) and consumption goods (32.8%) prevail. The share of investment goods is 20.5%.

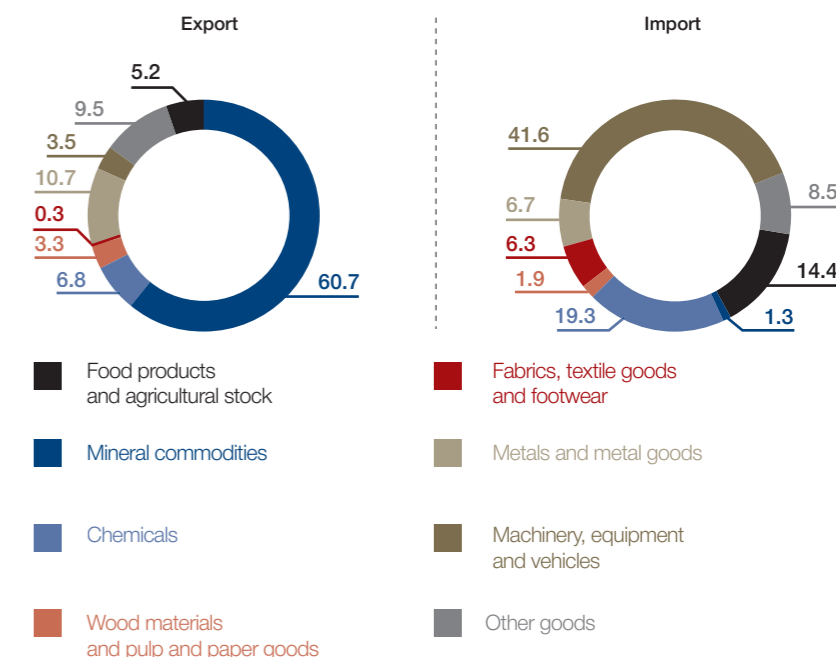
Geographical distribution of foreign trade

The main buyer of goods exported by the Member States is the European Union (51.1% of total exports).

Among the countries of the European Union significant are supplies of goods to the Netherlands (11.6%), Germany (7.2%), Italy (6%), Poland (3.2%).

24.2% of exports are sold to the APEC countries, including China — 10.9%, Japan — 3.4%, South Korea — 3.3%. Exports to Turkey accounted for 4.9% of total exports of the Member States. The CIS countries bought 5.5% of the goods exported, of which Ukraine — 3%.

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

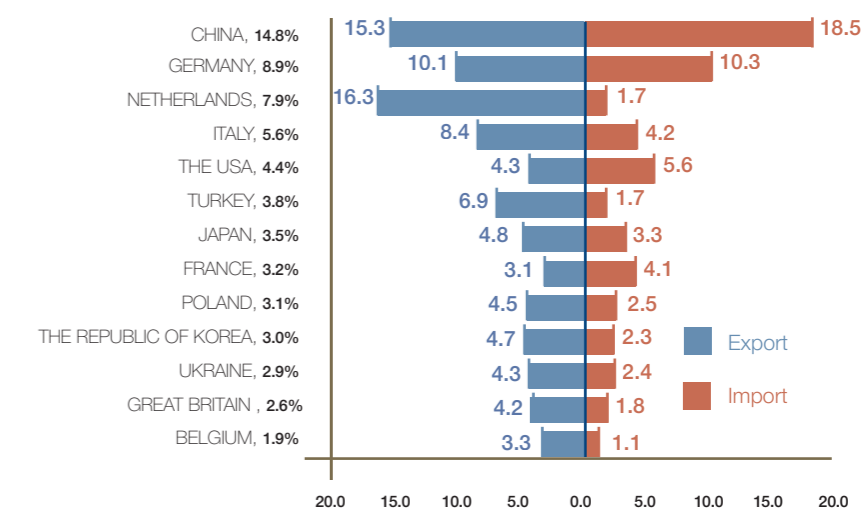


Import purchases are concentrated in the countries of the European Union (41.9% of total imports of goods) and the APEC (40.4%). Among the European Union countries, significant are supplies from Germany (11.7%), Italy (4.8%), France (4.7%). Among the APEC

countries, the largest volumes account for China (21%), the United States (6.4%), Japan (3.8%), South Korea (2.6%). In the CIS countries 4.3% of goods were purchased, including the Ukraine — 2.7%. The share of Turkey accounts for 1.9% of total imports of the Member States.

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

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



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

2011	<p>Total volume of foreign trade in goods of the Member States of the Customs Union and the Common Economic Space with third countries amounted to USD 907.2 bln, including exports — USD 581.4 bln, imports — USD 325.8 bln.</p> <p>Volume of mutual trade in goods (amount of the cost volumes of export operations of the Member States of the Customs Union and the Common Economic Space in mutual trade) amounted to USD 63.1 bln.</p>
2012	<p>Total volume of foreign trade in goods of the Member States of the Customs Union and the Common Economic Space with third countries amounted to USD 934.6 bln, including exports — USD 593.7 bln, imports — USD 340.9 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Customs Union and the Common Economic Space amounted to USD 67.8 bln.</p>
2013	<p>Total volume of foreign trade in goods of the Member States of the Customs Union and the Common Economic Space with third countries amounted to USD 933.0 bln, including exports — USD 587.7 bln, imports — USD 345.3 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Customs Union and the Common Economic Space amounted to USD 64.5 bln.</p>
2014	<p>Total volume of foreign trade in goods of the Member States of the Eurasian Economic Union with third countries amounted to USD 868.7 bln, including exports — USD 556.8 bln, imports — USD 311.9 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Eurasian Economic Union amounted to USD 58.5 bln.</p>
2015	<p>Total volume of foreign trade in goods of the Member States of the Eurasian Economic Union with third countries amounted to USD 579.4 bln, including exports — USD 373.9 bln, imports — USD 205.5 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Eurasian Economic Union amounted to USD 45.7 bln.</p>
H1 2016	<p>Total volume of foreign trade in goods of the Member States of the Eurasian Economic Union with third countries amounted to USD 228.6 bln, including exports — USD 140.5 bln, imports — USD 88.1 bln.</p> <p>Volume of mutual trade in goods of the Member States of the Eurasian Economic Union amounted to USD 19 bln.</p>

Industrial Production

In the first half of 2016 compared to the first half of 2015 the index of industrial production of the Eurasian Economic Union was 100.1% (in 1H 2015 vs 1H 2014 — 97.4%), in June 2016 compared with June 2015 — 101.6%, compared with May 2016 — 101.8%.

In the structure of industrial production of the EAEU, in the first half of 2016, the largest share was held by processing industry (64.7%). Its share increased compared to the first half of 2015 by 1.2 pp. The share of mining and quarrying amounted to 24.2% (decreased by 1.8 pp).

Agriculture

In the first half of 2016, in the farms of all categories of the Member States of the Eurasian Economic Union, agricultural production increased at constant prices by 2.7% compared to the first half of 2015 (in 1H 2015 vs 1H 2014 — by 2.9%).

The biggest growth is observed in Armenia and Belarus — 3.3%, it was 2.7% in Kazakhstan, 2.9 in Kyrgyzstan. Russia with an increase of 2.6% rounds out the top five.

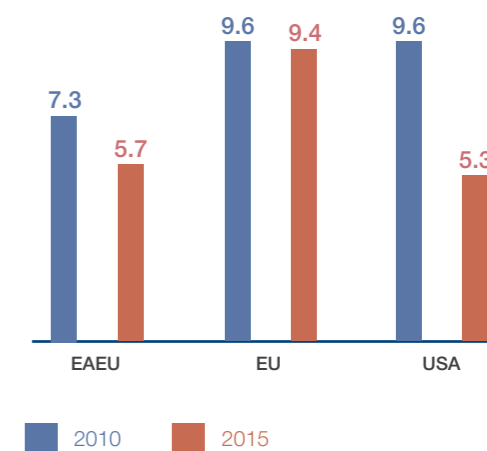
In the first half of 2016, production of major livestock products also increased. Amount of livestock and poultry increased by 5.4% to more than 8 million tons, milk by 0.6 (22.5 million tonnes), eggs by 2.3% (26.6 million).

Social Indicators of the Member States of the Eurasian Economic Union

Unemployment level in the Union, according to the results of 2015, is 5.7%, which is better than the EU value (9.4%) and similar to the USA value (5.3%).

A trend for alignment of economic development level between the Union Member States has appeared, despite the differences in the scale of the economy and the global crisis. A gap in the per capita GDP fell from USD 9.8 thous. in 2010 to USD 9.4 thous. in 2015. A gap between the Member States in the level of labour remuneration, labour productivity; availability of scientific staff, unemployment figures has been also reduced.

UNEMPLOYMENT LEVEL IN THE EAEU, %



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

	2010	2015
Armenia**	274.7	386.4
Belarus	406.6	413.1
Kazakhstan	526.7	568.4
Kyrgyzstan	156.4	209.2
Russia	690.1	561.0

* The indicator is calculated based on the exchange rates of national (central) banks of the Member States of the EAEU for the year: in Belarus — based on the average exchange rate of the Belarusian ruble against the US dollar, in Armenia, Kazakhstan, Kyrgyzstan and Russia — based on the average exchange rates of national currencies to the US dollar.

** Since 2013, payments for labour and other payments equivalent to them have included payments of the employer for mandatory social insurance; the salaries of military personnel have also been taken into account. For 2015 only preliminary data are available.

FROM THE CUSTOMS UNION TO THE EURASIAN UNION



What does the Customs Union stand for?

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

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

The Customs Union was formed sequentially. In October 2007, the Heads of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation signed the Treaty on the Establishment of a Common Customs Territory and Formation of the Customs Union.

By January 1, 2010, legal conditions necessary for the union to start operating were created, when the competence of the foreign trade regulation was

handed over to the Customs Union Commission¹.

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

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

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

Thus, from 2011 till now, the Commission has conducted 25 investigations (including 7 repeat investigations). Following their outcomes, the Commission introduced 4 special protective measures — against damage caused by a sharp increase in imports to the Union, and 15 anti-dumping measures to compensate the damage caused to industry sectors by unfair competition from foreign suppliers. As of the

middle of September 2016, 1 more investigation is being carried out.

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

In order to improve the efficiency of customs authorities, the information and reference list of checkpoints across the external border of the Customs Union has been adopted. In addition, implementation of compulsory preliminary information of the goods imported into the Customs Union by road and rail has been provided. The work on preparation of a similar decision for the goods transported by air has been conducted.

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

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

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

Agreement on Establishment and Application in the Customs Union of the Procedure for Transferring and Distributing Import Customs Duties (other Duties, Taxes and Fees Having Equivalent Effect) came into force. The import customs duties began to be credited to the common account of the authorised authority of that member state where they were subject to payment.

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

local use within the territory of any Member State began to freely move within the single customs territory.

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

Belarus

4.7%

Kazakhstan

7.33%

Russia

87.97%

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

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 Russia's joining the WTO.

To further simplify the movement of goods, development of Main directions for improvement of customs administration in the

Customs Union in 2012—2015 was started. Their implementation will allow for the transfer to the declaration of goods mainly in electronic form, provide technology development of preliminary informing and declaration of goods. It was expected that this work would aid to transfer focus from customs to postrelease stage to control the goods.

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

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

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

What does the Common Economic Space stand for?

The formation of the Common Economic Space (the CES) represents provision of the so-called four “freedoms”: movement of goods, services, capital and labour. Therefore, creation of conditions favourable for the principle of free movement of services, capital and labour and also elimination of the rest of exemptions preventing free movement of goods were determined to be the main goals of economic integration at the stage of CES construction.

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

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

On December 19, 2010, by the decision of the supreme body of the Customs Union, an Action Plan for the introduction of the

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

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

The work on ensuring smooth movement of goods, in particular, on improving customs legislation and declaration, including electronic declaration, and introducing the principle of the priority of electronic information over paper documents. Customs operations were simplified, a “single window” system was developed.

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

Removal of restrictions in mutual trade continued. It was based on the unification of customs tariffs, formation of a single customs tariff established on the basis of the methodology agreed by the Member States, non-tariff regulation measures, application of regulatory tools for trade in goods with third states.

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





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

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

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

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 were developed.

Forming of a coordinated (agreed) transport policy of the CU and CES member states will unlock the transport and logistics potential of Belarus, Kazakhstan and Russia. Conducting a coordinated (agreed) energy policy will ensure a steady growth of the national economies and energy security of the states, protect the interests of consumers and producers of energy resources. It also aims to increase the economic efficiency and

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

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

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

Supra-national coordination conducted by the Commission on the basis of interaction with the authorized authorities of the member states of the CU and the CES contributed at this stage to stimulation of the agricultural product markets development. It was a question of maintaining a level playing field in production of and trade in agro-food products, in the use of resources of agricultural production to improve the income of producers, the availability of food for consumers.

The Eurasian Economic Commission in a close dialogue with the business representatives and the expert community of the integration association member states was working on development of entrepreneurship in the Union countries and creation of a fully-featured domestic market of financial services in banking, insurance and securities market. The work on liberalization of relations in the framework of the Eurasian project in the sphere of investment and on creation of a common market of services was conducted. For the purposes of, among other things, achieving the free circulation of services, capital and labour a number of basic agreements in the sphere of intellectual property rights

protection and enforcement and labour migration was developed. By May 2014, the date of signing the Treaty on the Eurasian Economic Union, in order 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, in accordance with the decision of the Supreme Eurasian Economic Council of January 1, 2014, the Commission was empowered to monitor compliance with common rules on competition in the transboundary markets of the CU and the CES. Delegation of this authority is backed by the Model 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 member states of the integration project. The model law was a reference point for Belarus, Kazakhstan and Russia in law-making in the field of competition policy.

The work on deepening integration between the participants of the Eurasian economic project made at the stage of introduction of the Common Economic Space allowed the Member States of the Customs Union and the Common Economic Space to create conditions to establish the Eurasian Economic Union, which started functioning on January 1, 2015.

What does the Eurasian Economic Union stand for?

The Eurasian Economic Union (EAEU) is an integration association created to ensure economic interests of all its members.

contradictions were excluded, existing rules were optimized and updated, gaps were filled, and a single conceptual framework was formed. The Treaty included rules and regulations of the EurAsEC that meet the goals and objectives

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

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

The document containing nearly 1000 pages is divided into four parts that include 28 sections, 118 articles and 32 annexes. In developing the Treaty on the EAEU, the work on systematization of international treaties concluded within the framework of the CU and SES was conducted:





The Treaty on the EAEU is based on codification of the contractual and legal framework of the Customs Union and the Common Economic Space (68 international treaties), as well as supplemented with new topics of the integration “construction”.

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

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

The Union is an international organisation of regional economic integration and has international

legal personality. Previously, the Customs Union and the Common Economic Space functioned within the institutional framework of the Eurasian Economic Community (EurAsEC) only. Thus, the Eurasian Economic Union is becoming a significant element of the global economic architecture. The Treaty stipulates that the Union has the right to perform, within its jurisdiction, international activities aimed at addressing the challenges faced by the Union. The Union can cooperate with states, international organisations and international integration associations. Jointly with the Member States, the Union can also conclude international treaties with the above organisations on any matters within its jurisdiction.

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

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

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

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

The Union countries defined the directions of deepening the integration. For example, the Treaty on the EAEU provides for elimination, from January 1, 2015, of 29 revealed exemptions, barriers and restrictions, mainly in government procurement.

In addition, in accordance with the provisions of the Treaty, 31 exemptions revealed in the areas of industrial policy, as well as those related to sanitary, veterinary and sanitary and quarantine phytosanitary measures, will be eliminated during different transitional periods.

The Treaty on the EAEU defines the legal basis of a single market of services. The most important basis is release of their provider from re-establishment as a legal entity. Now, it is able to provide services on the basis of a permit issued in the country where the provider is registered. Professional qualification of employees of the service provider shall also be recognized. The conditions for their provision by the provider personnel of one Member State to service recipients in another country of the Union are also being created — the Treaty enshrines guarantees for their recipients.

The leaders of the Union countries agreed to conduct a coordinated policy in the field of energy and to establish common markets for electric power, gas, oil and oil products. The Treaty on the EAEU provides for this task to be implemented in several stages and finally performed by 2025: establishment of a common energy market of the Union and ensuring

access to services of natural monopoly entities in the electricity sector is expected to be completed by 2019, common gas, oil and oil product markets — by 2025.

The Treaty establishes the general principles of technical regulations. Among them — establishment of mandatory requirements for products and related processes (from design and manufacture to disposal). Such requirements are prescribed in technical regulations of the EAEU. By October 2016, a list of the technical regulations adopted in the Eurasian Economic Union included 36 documents already, 34 of which came into force. By this very time the number of standards contained in the lists to the technical regulations of the Union was 8000.

The Treaty defines the regulation mode for medicines and medical products circulation in the Union. It is planned that common markets of medicines and medical products will be created in 2016. These are new areas of integration cooperation of the Union countries. They are based on a set of important principles, including harmonization and unification of the requirements of national legislations; ensuring the unity of mandatory requirements for quality, efficiency and safety of medicines and medical products;

adoption of common rules in the field of their circulation, etc. Unified registers of registered medicines and medical products are being formed, good development, research, manufacturing and distribution practices, as well as medicines and medical products safety control practices are being introduced. Common markets will operate based on the decisions of the Commission establishing common rules for registration, rules for conducting studies (tests), as well as other rules and requirements governing individual stages of circulation of medicines and medical products.

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

The document is aimed at electronic data processing and use of modern software and hardware at all stages — from submission of the declaration to release of goods. It will significantly save business resources, speed up the process of customs clearance procedures and minimize contacts of foreign trade operators with officials.





In 2016, a large-scale work on the draft Customs Code of the EAEU is to be completed, which was conducted by the Commission and public authorities together with the business community of the Union countries. The EAEU CC is one of the key documents constituting the legal basis of the Union. The Treaty of the Union stipulates that the union should have unified customs regulation under the EAEU CC and international treaties covering the scope of the customs regulation.

The Treaty on the EAEU defines main priorities of transport policy within the territory of the Eurasian Economic Union in the long term. The parties agreed on stepwise liberalization of transportation in the field of road, rail, air and water transport. The Member States will conduct coordinated (agreed) transport policy aimed at ensuring economic integration and introduction of the common transport space.

An agreement was reached on formation and implementation by the Member States under the coordination of the EEC

of an agreed agroindustrial policy. Forecasting in the agroindustrial complex, state support for agriculture, regulation of the common agricultural market, uniform requirements for product manufacture and circulation, development of agricultural products and food exports, scientific and innovative development of the agroindustrial complex, as well as integrated information support for agroindustrial complex are main directions of the agreed (coordinated) agroindustrial policy.

It is important that the implementation of policies in other areas of integration cooperation, including sanitary, phytosanitary and veterinary and sanitary measures in respect of agricultural products, be carried out taking into account the objectives, tasks and directions of the agreed agroindustrial policy. It is aimed at efficient use of resources of the Union countries to produce competitive products, to meet the needs of the common agricultural market, to reduce import dependence and to increase export potential.

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

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

In accordance with the Main Directions of Industrial Cooperation within the EAEU adopted by the Heads of Governments, the

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

The effective functioning of the EAEU is impossible to imagine without conducting the coordinated macroeconomic policy, which provides for the development and implementation of joint actions of the EAEU Member States in order to achieve balanced economic development. The Treaty on the EAEU stipulates that the main directions of the coordinated

macroeconomic policy include formation of the common principles of functioning of the economy of the Member States, providing their effective cooperation, development of common principles and guidelines for the prediction of socio-economic development of the parties.

The Treaty enshrines the principles for formation and communication of official statistical information of the Union. In addition, the Treaty provides for vesting the Commission with the powers, such as development and approval of the methodology for compiling official statistical information of the Union on the basis of the official data from the Member States, as well as elaboration in cooperation with their authorised authorities and adoption of the integration development program in statistics sector.

The Treaty brings the countries of the Union to a qualitatively new level of cooperation in the field of labour migration. In order to expand the possibilities for employment, citizens of the Member States have an opportunity to work not only

under an employment contract, but also under a civil law contract. In addition, no restrictions established by the legislation of the Member States in order to protect the national labour market are applied.

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

Currently the Commission in cooperation with the competent authorities of the Member States is actively working on a Contract on Pension Provision of Workers of the Member States. After its signing, the Union citizens will be able to receive pensions for the period of their employment from the Member State, where they worked. All the pension rights acquired in the Union Member States shall be considered in assigning and paying the pension.

The rule for provision of full scope of social insurance for employees and their family members that are implemented under the same





conditions and in the same manner as for the citizens of the state of employment is of great importance. In addition, employees and their family members have the right to receive free emergency medical care and rescue emergency care in their territories in accordance with the same procedure and under the same conditions as to the nationals of the state of employment.

Following the stepwise harmonization of the legislation, the Member States agreed to establish the common supranational authority on financial market regulation by 2025 in order to ensure agreed regulation of financial markets.

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

competition in mutual trade in goods and services.

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

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

citizens of the Member States and other people who live there enjoy the same legal protection of consumer rights as the citizens of these states.

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

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

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

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

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

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

In 2015, the Republic of Armenia and the Kyrgyz Republic, which led the preparatory work since 2012, accessed to the Treaty on the Union. In terms of the content and the degree of integration the

Eurasian Economic Union is the second example of an economic union in the world practice after the European Union.

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



INSTITUTIONS OF EURASIAN ECONOMIC INTEGRATION

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

EEC

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

DATE OF STARTING OPERATION

2 February 2012

PLACE OF LOCATION

Moscow (the Russian Federation)

The first-ever body of this kind in the history of the Eurasian economic integration process

OPERATED BASED ON:

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

MAIN OBJECTIVES OF THE COMMISSION

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

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

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



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

DATE OF STARTING OPERATION

January 1, 2015

PLACE OF LOCATION

Minsk (the Republic of Belarus)

OPERATED BASED ON:

- the Treaty on the Eurasian Economic Union
- the Statute of the Court of the Eurasian Economic Union

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

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

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

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

Status, composition, competence, procedure for formation and functioning of the Union Court shall be determined by the Statute of the Court of the Eurasian Economic Union in accordance with Annex No. 2 to the Treaty on the EAEU.

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

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

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



THE FINANCIAL REGULATOR OF THE EURASIAN ECONOMIC UNION

DATE OF STARTING OPERATION

Creation of the EAEU Financial Regulator is scheduled for 2025

PLACE OF LOCATION

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

MANAGEMENT BODIES OF THE EURASIAN ECONOMIC UNION

THE SUPREME EURASIAN ECONOMIC COUNCIL



President
of the Republic
of Armenia

Serzh
Sargsyan



President
of the Republic
of Belarus

Alexander
Lukashenko



President
of the Republic
of Kazakhstan

Nursultan
Nazarbayev



President
of the Kyrgyz
Republic

Almazbek
Atambayev



President
of the Russian
Federation

Vladimir
Putin

THE EURASIAN INTERGOVERNMENTAL COUNCIL



Prime Minister
of the Republic
of Armenia

Karen
Karapetyan



Prime Minister
of the Republic
of Belarus

Andrei
Kobyakov



Prime Minister
of the Republic
of Kazakhstan

Bakytzhan
Sagintayev



Prime Minister
of the Kyrgyz
Republic

Sooronbay
Zheenbekov



Prime Minister
of the Russian
Federation

Dmitry
Medvedev

THE EURASIAN ECONOMIC COMMISSION COUNCIL



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

Vache
Gabrielyan



First Deputy Vice
President
of the Republic
of Belarus

Vasily
Matyushevskiy



First Deputy
Prime Minister
of the Republic
of Kazakhstan

Askar
Mamin



Vice Prime
Minister
of the Kyrgyz
Republic

Oleg
Pankratov



First Deputy
Prime Minister
of the Russian
Federation

Igor
Shuvalov

THE BOARD OF THE EURASIAN ECONOMIC COMMISSION



ACTIVITY AREAS OF THE EURASIAN ECONOMIC COMMISSION



Chairman of the Board
Tigran Sargsyan

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



Member of the Board —
Minister in charge of Integration
and Macroeconomics
Tatyana Valovaya

Key Trends in Integration

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

Further deepening of economic integration in the Union is the main activity of the Eurasian Economic Commission.

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

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

between the EAEU and the Silk Road Economic Belt project, cooperation between the EAEU and the SCO, establishment of contacts between the EEC with the European Commission;

- international positioning of the EAEU and promotion of objective perception of the Union in the international community;
- analysis of possibilities of deepening integration cooperation of the member states.

Work in order to improve the provisions of the Treaty on the EAEU is carried out within the respective Consolidated Working Group with participation of plenipotentiary representatives of the Member States and the EEC.

On the outer track, the activities are carried out in several formats. These include creation of free trade areas; development, execution and implementation of international treaties and memorandums; cooperation with third countries, international organizations and integration associations; image-building activities.

Macroeconomics

In accordance with the Treaty on the Eurasian Economic Union of

May 29, 2014, at the supranational level an agreed macroeconomic policy is conducted.

Coordination of macroeconomic policy is due to creation in the EAEU of the common economic space, i.e., a common market for goods, services, labour and capital, where national borders do not play a significant role in economic terms any more. Due to the fact that the economy is mainly regulated at the national level, through an agreed macroeconomic policy, problems related to compatibility of integration goals of the Union and national development objectives of the Member States, rise of “competition of policies” and maintenance of economic sustainability of the union as a whole are being solved.

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

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

The Eurasian Economic Commission together with the Member States are empowered to take measures aimed at stabilizing the economic situation and ensuring compliance with the quantitative values of macroeconomic indicators.

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

3. Consideration by the Member States of the Main Direction for Economic Development of the Union until 2030. It is a comprehensive strategy document

defining the goals, objectives of economic development of the Union, directions, where cooperation could have a positive impact on the competitiveness of the Member States, as well as the criteria for determining areas of the economy that have potential for integration. Implementation of the Main Directions for Economic Development must ensure that each Member State gets an additional economic benefit and accelerate (simplify) achieving national strategic goals by the effects of "trade creation", effect of "economies of scale", "synergy", "a common market", etc.

4. Formation by the Member States of forecasts for social and economic development based on

the agreed interval quantitative values of external parameters.

Statistics

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



Member of the Board —
Minister in charge of Customs Cooperation

Mukay Kadyrkulov

Customs Cooperation

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

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

At this stage of integration relations development, the following priority

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

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



Member of the Board —
Minister in charge of Trade

Veronika Nikishina

Trade

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

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

To improve the competitiveness of products of the Union Member States, it is important to ensure the efficiency of production, the availability of necessary raw materials and intermediate goods. It is necessary to reduce costs of manufacturers and the net cost of finished products, and to stimulate the development of technologies in the EAEU, support exports and international cooperation. Therefore, the Commission is constantly working on “fine-tuning” of the customs tariff, for example,

lowering the customs duties on components, raw materials, equipment. Conclusion of free trade agreements also facilitates achieving this goal.

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

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

A network of free trade agreements is being created. The Agreement on Free Trade Area (FTA) with Vietnam entered into force on October 5. In October 2015, based on the report of the Joint Research Group, it was decided to launch negotiations on FTA with Israel. Joint research groups continue their work to establish free trade areas with India, Egypt and Iran. The Joint Expert Group conducts research for prospects of development of trade and economic cooperation between the Union countries and the Republic of Korea. Consultations on unification of the trade regime of the Eurasian Union with Serbia

were launched — also on the basis of a free trade agreement.

In the autumn of 2016, the first round of negotiations on the Agreement on Trade and Economic Cooperation between the Eurasian Economic Union and the People's Republic of China will be held. Work on conjugation of the Eurasian Economic Union and the Silk Road Economic Belt is in progress.

The Commission is also studying the possibilities of concluding economic partnership agreements intended for creation of preconditions for a deeper integration.

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

In addition, the Commission is constantly monitoring restrictive measures against goods of the EAEU countries by third countries, and from 2015 it is also working to eliminate them.



Member of the Board —
Minister in charge of Technical Regulation

Valery Koreshkov

Technical regulation

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

aimed at the implementation of such requirements; in the field of assessment of products for compliance with technical regulations of the Eurasian Economic Union.

The objectives of development and adoption of technical regulations are assurance within the common customs territory of the protection of life and health of people, property, environment, life and health of animals and plants, prevention of actions misleading consumers, and assurance of energy efficiency and cost-effective use of resources.

Sanitary, Phytosanitary and Veterinary Measures (SPV Measures)

The main issues covered by the Eurasian Economic Commission in the field of SPV measures are development of normative legal acts in order to ensure sanitary

and epidemiological welfare, quarantine phytosanitary and veterinary&sanitary safety of the EAEU territory, scientific substantiation of SPV measures application, weighted assessment of risks, compliance with the proportionality of restrictive measures and removal of unjustified administrative barriers to trade. These issues are addressed in the framework of the main tasks of the area, among them is assurance of the formation of an agreed policy of the Member States in application of SPV measures, sanitary and epidemiological welfare of the population, protection of the common customs territory from introduction and spread of quarantine objects and epizootic well-being of the customs territory, taking into account harmonization with international standards, guidelines or recommendations. Such a policy results in creation of optimal conditions for free circulation of goods that are safe for life and health of human, animal and plant, property and environment.



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

Adamkul Zhunusov

Energy

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

developing the fuel and energy complex. Therefore, conducting an coordinated energy policy of the Eurasian Economic Union countries aimed at creating common electric energy, gas, oil and oil product markets is identified as one of the most important directions of activities of the Union.

Transport and Infrastructure

The main goal of the area is formation of a coordinated (agreed) transport policy of the Member States of the Eurasian Economic Union aimed at ensuring economic integration, consistent and gradual formation of a common transport space based on the principles of competition, transparency,

security, reliability, availability and sustainability. First of all, this implies creating a common transportation service market, taking agreed measures to ensure mutual advantages in transport and infrastructure, implementation of best practices, integration of transport systems of the Union countries in the world transport system, efficient use of the transit potential of the Member States, improving the quality of transport services, provision of transport (technological) security. With globalization, the volume of traffic between countries is growing providing new opportunities for the Union for implementation of the total transit capacity, creating a land link between Europe and Asia. The use of synergies in this area is one of the main advantages of integration.



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

Sergey Sidorskiy

Manufacturing Industry

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

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

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

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

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

Agroindustrial Complex

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

reducing import dependence and increasing export potential.

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

For this purpose, joint forecasts of the agroindustrial complex development, supply and demand for the main types of agricultural products are formed, actions on state support of agriculture, removal of barriers in mutual trade are coordinated, common requirements for the production and circulation of agricultural products and food are elaborated, mechanisms for technology transfer and scientific and innovative cooperation are developed.

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



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

Nurlan Aldabergenov

Competition and antitrust regulation

Competition, antitrust regulation and governmental procurement regulation of the EEC is the foundation for an efficient economy, incentive for innovation processes and production of quality goods in the Eurasian Economic Union. The boundaries of the EAEU are open to all its economic entities, and therefore creation of a legal framework for trade and assurance of equal competitive positions in product markets and governmental procurement becomes the main task. According to the Treaty on the EAEU, enforcement of competition rules and suppression of violations in the Member States are pursued by antitrust authorities of the states. In turn, the Eurasian Economic Commission suppresses such violations on the cross-border markets. Since

January 1, 2015 — the date of entry into force of the Treaty on the Eurasian Economic Union — the EEC has been entitled to initiate and examine cases of violation of the general rules of competition in cross-border markets, impose fines against violators and issue binding resolutions to eliminate violations and their consequences. Decisions of the EEC, as well as national competition authorities, may be appealed in the Court of the Eurasian Economic Union.

Under the powers transferred, currently, activities such as the study of cross-border commodity markets, cooperation with national antitrust authorities of the EAEU countries, as well as competition advocacy, which includes conducting an open anti-monopoly policy and raise of market operators' awareness, teaching them the principles and rules of law competition, become of the particular importance.

Currently, the Commission analyses the markets for compliance of their operators' activities with the general competition rules. The work on the study and implementation of fair rules of competition in the pharmaceutical market, the markets for sales of new cars and socially important goods is of particular importance.

Thus, in the field of antitrust regulation, competition policy and public procurement the Eurasian Economic Commission executes powers aimed at all social groups, and is based on agreed norms and rules of national laws. The main objective of the Eurasian integration is to ensure equal conditions and opportunities for the EAEU Member States. This, in turn, is a positive impetus for positive economic development and increasing competitiveness of the EAEU Member 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 ECE in the field of economy and finance policy is to create favourable business conditions in our countries, to minimize the administrative barriers. After all, it is the business that should be the main driving force behind the integration of the economies of the Member States of the Eurasian Economic Union.

In this regard, an important strategic objective of the EEC for the long term is establishment of a common market of the Eurasian Economic Union, which will ensure the freedom of movement of goods, services, investment and labour. In order to achieve this objective it is necessary to build a common financial market, including the banking sector, the insurance market and the securities market, since the close coordination of financial, monetary, fiscal and monetary policies will form the prerequisites for implementation of the principle of freedom of movement of goods, services

and capital. Establishment of the common financial market of the Member States will ensure the efficient allocation of capital, risk diversification, increase competition in the financial market, remove barriers to mutual access and ensure access of business to cheaper loans.

Also our goals include introduction of a common labour market. To execute this goal we should develop a common policy in labour migration, including provision of social security, health care for working people — citizens of the EAEU countries and their families in other countries of the Union, export of pensions and recognition of work record gained in another state of the Union.

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

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

The gradual introduction of the single services market within the Union is also a priority for the Commission activity. The Treaty on the EAEU defines the basic principles of liberalization of trade in services, with a gradual reduction of a number of limitations and exceptions, which greatly expands the opportunities for business activities in our countries. In the area of tax policy the work is being conducted for creating tax conditions for fruitful non-discriminatory operation of business within the common economic territory, removing all obstacles along the way. In the foreground lies a planned convergence of excise tax rates on the most sensitive products



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

Karine Minasyan

Internal Markets

In a situation of a global economic turbulence, one of the main integration effects contributing to the recovery and sustainable development of the EAEU Member States economy, increased scale effect, creation of the environment that encourages entrepreneurship, competition and mutual trade, should be improvement of conditions for functioning of the EAEU internal market.

The need to concentrate efforts on creating conditions for functioning of the internal market of the Union

without barriers, exceptions and restrictions, as well as the priority of solving the tasks on establishment of the common/single markets led to the adoption in December 2015 by the Presidents of the Member States of the decision to establish an appropriate new direction of the Commission.

One of the main goals of this direction is to reduce a gap between the declared norms of the Eurasian integration and the practice of the daily work of public authorities and business entities in the EAEU domestic markets based on the principle of four “freedoms”:

freedom of movement of goods, services, capital and labour without barriers, exceptions and limitations.

Adaptation of the EAEU realities to the global best practices for monitoring, assessment and settlement of problematic issues at the interstate level will allow the Member States to use the opportunity of the Commission as an independent supranational body. With the effective mediation of the EEC, it is possible to achieve goals and objectives specified in the agenda of the Eurasian Economic Union to ensure effective functioning of the internal markets.

Informatisation, Information and Communication Technologies

The global economy is rapidly being transformed into a new quality — a digital economy. Major economic players, countries and integration associations form and implement their strategies for digital transformation, determine their ambitious goals in the global digital environment.

In the foreground, there is an economy of creation and use of data, digital processes, digitized images of physical objects that become the basis for new forms of added value chains and relationships of business entities.

Only a proactive stance will help the Union countries to save their sovereignty in the digital space, to jointly formulate priorities and create an environment that will allow our

companies to become strategic co-owners of digital assets, to generate added value in the global digital cooperation, to be active participants in the new digital markets.

The challenges such as the freedom to choose the jurisdiction of consumption and creation of added value by business entities of the Union in third countries’ jurisdictions, traditional asset depreciation, depletion of competences and drain of talent led to a discussion of the basic directions of the formation of the EAEU digital space.

This should give a new impetus to the Eurasian integration project and combine the efforts of the Member States in the framework of movement to the digital transformation of the economies.

Significant steps made in this direction include the projects for formation of common processes, creation of the EAEU integrated

information system and the cross-border space of trust.

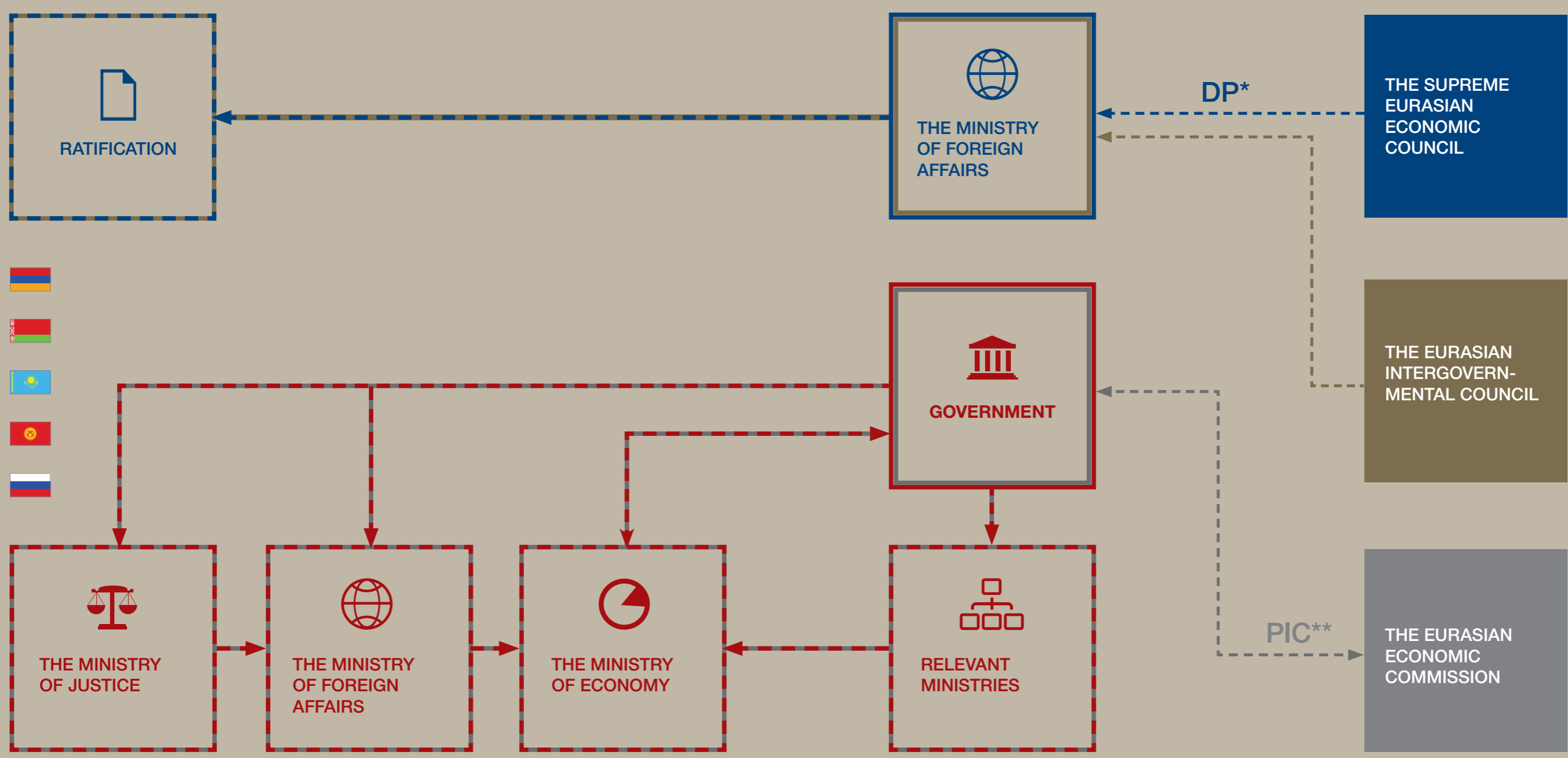
However, in the framework of this collaboration of the Union countries, they have yet to determine the future of the ambitious image of the EAEU with digital capabilities projected for 2025-2030. To this end, work is needed to design joint mega projects, to create new digital platforms in order to enter with them global markets. It is also necessary to identify and launch the priority directions on the basis of breakthrough initiative projects for digital transformation of the economy affecting all the countries, and a significant part of economic processes. An essential task remains the identification and elaboration of joint standards for accelerated agreed digitalization, formulation of standards for operation of the EAEU digital market and participation of small and medium-sized enterprises in it on common competitive conditions.

EXISTING DEFINITIONS

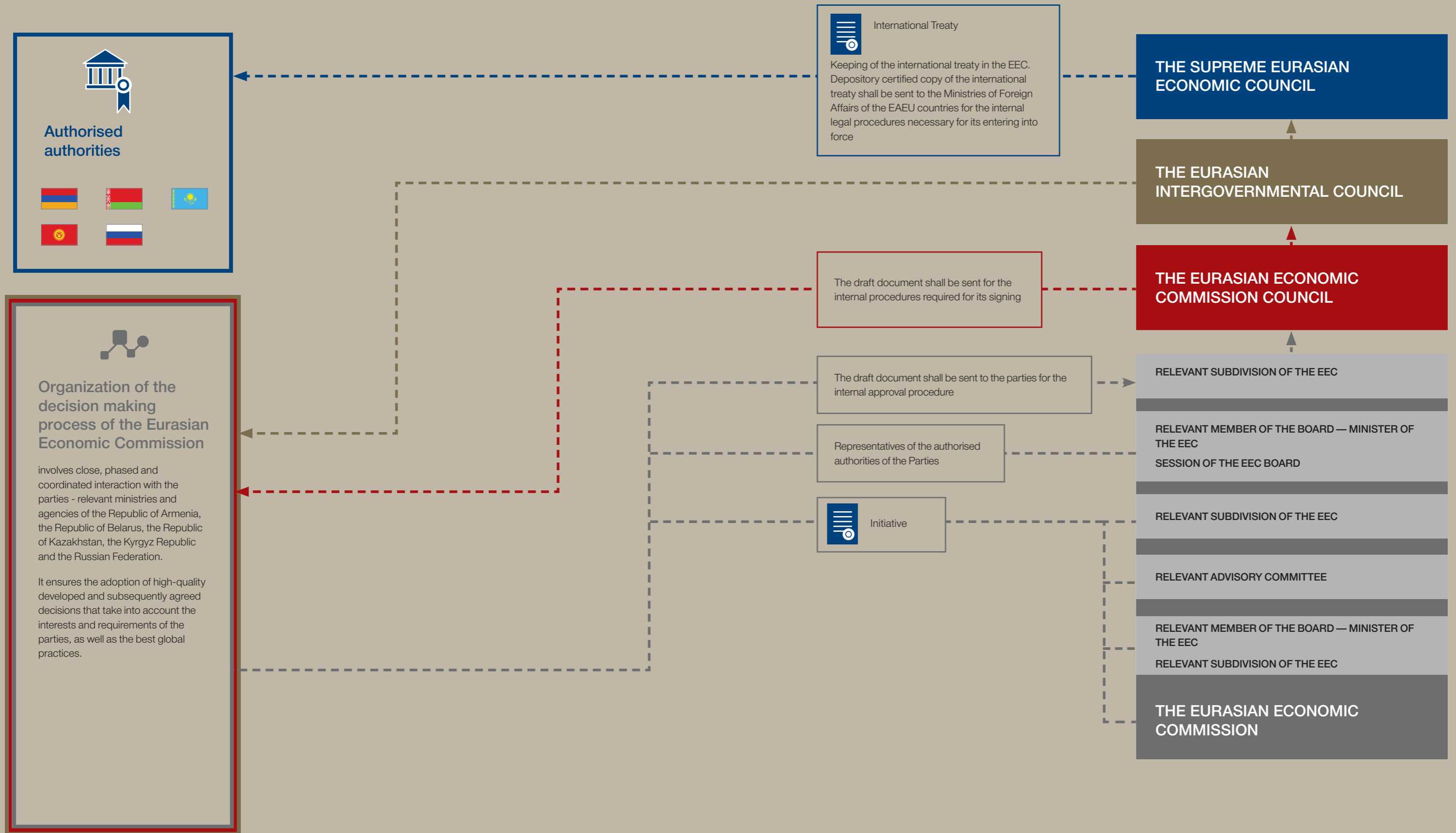
BARRIER	means an obstacle created by a Member State to free movement of goods, services, capital and labour within the framework of functioning of the Union internal market that does not comply with the provisions of the Treaty, international treaties and instruments of the Union law, or that has signs of their violations.
EXEMPTION	means a provided exception (clause) on non-application by a member state of individual provisions of the Treaty, international treaties and instruments of the Union law that prevents or may prevent free movement of goods, services, capital and labour within the framework of functioning of the Union internal market.
RESTRICTION	means an obstacle introduced by a Member State to free movement of goods, services, capital and labour within the framework of functioning of the Union internal market in case the EAEU law allows introduction of the restriction by the national law of the Member State. It may also occur due to lack of proper legal regulation of economic relations in the Union law.

DECISION MAKING PROCESS IN THE EURASIAN ECONOMIC UNION

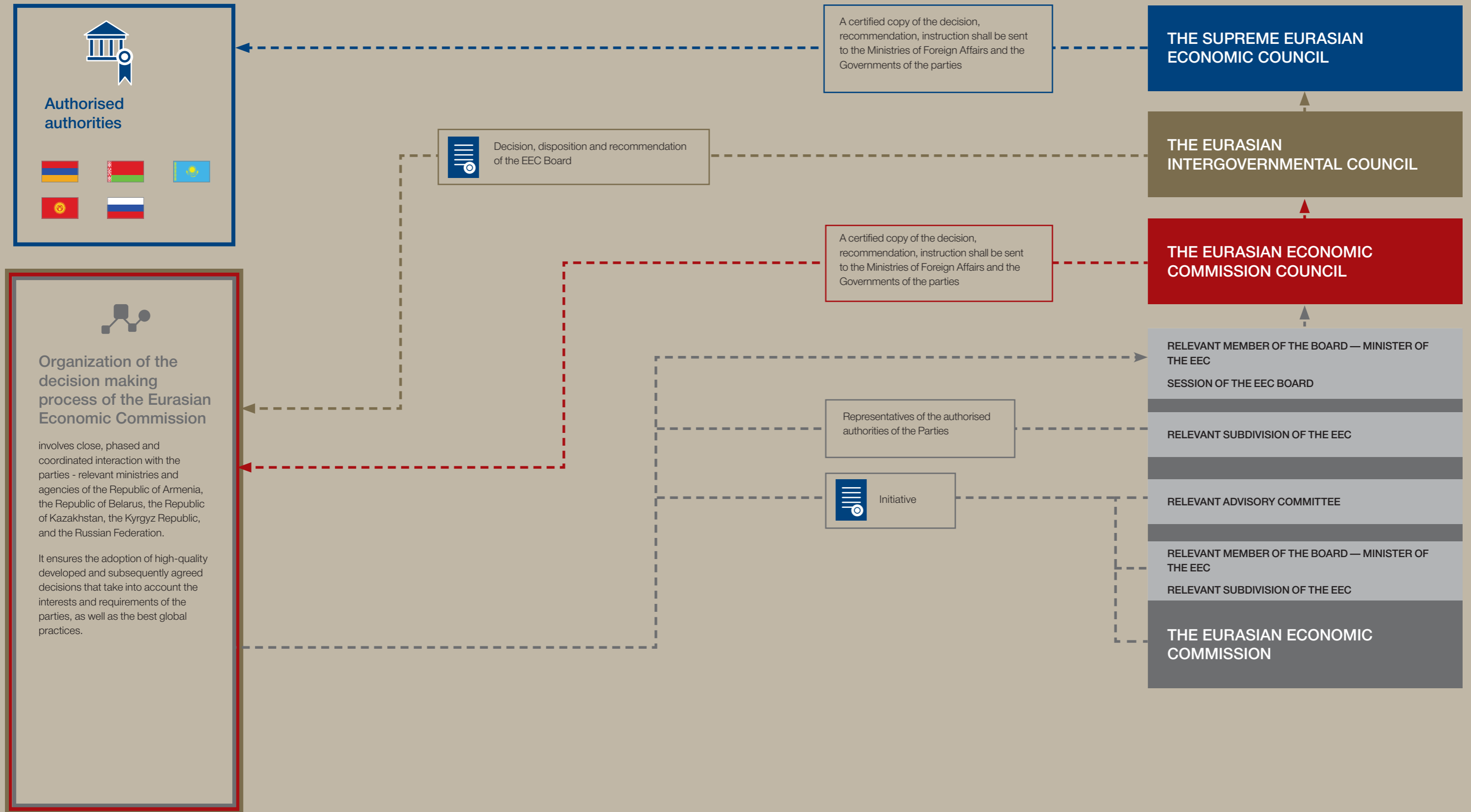
* Domestic procedures (DP)
** Procedures of internal coordination (PIC)



Procedure for preparation and execution of international instruments



The procedure for preparation and execution of decisions and recommendations of the EEC, orders and decisions of the SEEC, the EIS and the EEC Council



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

The EEC includes

21 ADVISORY COMMITTEES

more than

50 WORKING GROUPS

30 SUBCOMMITTEES

more than

20 EXPERT GROUPS

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

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

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

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

Formats of Cooperation between the EEC and the EAEU Business Council

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

The Advisory Council is a platform for the continuous discussion of strategic and systemic issues related to the development and functioning of the integration association, with participation of business associations of the Union member states.

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

The EAEU Business Council

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

The Council develops a coordinated position of the EAEU business community in its interaction with the bodies of the Union, establishes direct communication and dialogue between the Union business circles, promotes trade and economic relations, industrial and financial cooperation, as well as improving the competitiveness of national economies, identifying barriers, exemption and limitations of mutual access to the markets of the integration association.

In February 2016, the Members of the Board - Ministers of the EEC approved the draft Memorandum on Cooperation between the Eurasian Economic Commission and the Business Council of the Eurasian Economic Union. The document confirms the importance of taking into account the interests of the business communities of the Union countries to ensure its effective development. Feasibility of the formation of a consolidated position of the business communities on the matters related to business activity in the Union has been recognized.

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

Advisory Committees and Working Groups

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

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

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

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

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

Regulatory Impact Assessment (RIA)

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

The procedure is performed in order to identify and eliminate the potential excess duties, restrictions, prohibitions, unreasonable expenditures for business entities that create barriers to free movement of goods, services, capital and labour within the Union.

The EEC Working Group is responsible for regulatory impact assessment of draft resolutions. Following the first half of 2016, about 550 comments and proposals aimed at improving the business environment in the Union countries have been prepared. With the introduction of the RIA procedure into the daily operation of the Commission, terms for placement on the EEC website of draft decisions of the Commission affecting business activities increased from 15 to 93 calendar days before the date of their expected adoption.

Administrative Barriers Elimination

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

of the Commission was conducted. For every tenth draft, proposals were made on the elimination of administrative barriers and unreasonable expenditures of representatives of business communities that impede free movement of goods, services, capital and labour in the Union countries.

From October 2012 to the first half of 2016, an analysis of more than a thousand of draft regulations

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

EASE OF DOING BUSINESS RANKING*

Country	Ranking 2016	Ranking 2015	Ranking 2014	Changes for 2014—2016
The Republic of Korea	4	5	7	+3
Great Britain	6	8	10	+4
The USA	7	7	4	-3
Germany	15	14	21	+6
France	27	31	38	+11
Armenia	35	38	37	+2
Kazakhstan	41	53	57	+16
Belarus	44	43	63	+19
Russia	51	54	92	+41
Israel	53	40	35	-18
Kyrgyzstan	67	67	68	+1
China	84	90	96	+12
Uzbekistan	87	141	146	+59
Vietnam	90	78	99	+9
Iran	118	130	152	+34
India	130	142	134	+4
Egypt	131	112	128	-3
Tajikistan	132	166	143	+11

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

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

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

EURASIAN INTEGRATION AS A PART OF GLOBAL ECONOMY

KEY PARTNERS OF THE EURASIAN ECONOMIC UNION GLOBALLY



Foreign trade volume of the EAEU Member States in 2015, bln USD

Population, mln people

GDP Aggregate GDP for 2015, bln USD

* Data from the official web site of the World Bank.

** Data from the official web site of the International Monetary Fund.

*** Data from the official web site of the ASEAN.

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

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

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

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

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

The Treaty on the Eurasian Economic Union, which entered into force on 1 January 2015, established the EAEU as a fully-fledged party of the global economic relations. Moreover, it laid the solid foundation for the international relations between the Union and other entities — third parties, their

integration associations, and international organisations. The Eurasian Economic Union as an international organisation of the regional economic integration has the legal personality and is vested with the right to enter into international treaties with other parties of the international relations and undertake obligations corresponding to the status of an international organisation.

The Treaty on the Eurasian Economic Union of May 29, 2014 in accordance with Article 102 of the Charter of the United Nations was registered in the United Nations Secretariat on July 24, 2015. Registration of the Treaty provides openness and transparency of the agreements of the participants thereto at the highest international level. The Treaty on the EAEU confirmed once more the commitment of its members to the objectives and

principles of the United Nations Charter and other universally recognised principles and regulations of international law.

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

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

International Cooperation

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

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

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

Interaction in these areas is conducted in a variety of formats ranging from memorandums of understanding and deepening cooperation to agreements on creation of a free trade zone (FTZ). Generally, the interaction starts in a memorandum format that allows creating a platform for discussion and deepening cooperation in the future.

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

Creation of a preferential agreement network to ensure beneficial trade relations with partners in different regions of the world is the priority

task in the area of the EAEU's trade policy. Free trade agreements are also intended both to create better conditions for the expansion of export supply of non-primary goods and to include national economies of the Union members in the global value added chains.

Thus, the EAEU representing a broad market with a population of over 180 million people, access to skilled labour force, and transport infrastructure, is an attractive trade and economic partner.

In accordance with the initiative of the President of Kazakhstan N.A. Nazarbayev, 2016 was declared the "Year of Deepening

Economic Relations of the Union with Third Countries and Key Integration Associations." The Eurasian Economic Union shall become an open economic community, organically integrated in the global economic system as a reliable bridge between Europe and advancing Asia. Whereby, development of trade and economic relations with major partners and new emerging markets shall contribute to the growing importance of the Eurasian Economic Union globally.

In order to promote international cooperation, the Heads of Member States set the objectives: for preparation of the Agreement

on the procedure for conclusion of international treaties of the Eurasian Economic Union with third countries, their integration associations and international organizations; for conjunction of the Eurasian Economic Union and the Silk Road Economic Belt Project; for deepening economic relations and developing cooperation with third countries, including China, India, Israel, Egypt, Iran, Cambodia, Singapore, Serbia, Mongolia, Peru, Chile, the Republic of Korea, Ecuador, and integration organizations such as the SCO, ASEAN, MERCOSUR; for establishing relations between the Eurasian Economic Commission and the European Commission.

The Asia-Pacific Region

Vietnam

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

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

In May, 2015, the EAEU concluded its first full-scale free trade agreement with a state of the Asia-Pacific Region - Vietnam. Negotiations with Vietnam started in 2013. The EAEU delegation led by the EEC Minister in charge of Trade held eight rounds of talks, and on May 29, 2015, in Burabay village, Kazakhstan, an Agreement at the level of the Chairmen of the Governments of the EAEU and

Vietnam and the Chairman of the EEC Board was signed.

Vietnam is an attractive market with a population of about 90 mln people. The agreement with Vietnam opens up new opportunities to the EAEU countries. Vietnam is active in developing supply chains in the Asia-Pacific region. Deeper trade and economic relations with the partner will enable the manufacturers and suppliers from the Union countries to get access to the established supply channels in the Asia-Pacific Region. Furthermore, the products supplied to Vietnamese market will be more competitive in terms of price due to reduction or cancellation of import customs duties. Customs-free access to the Vietnamese market will also open the door to the export of goods which were not supplied earlier due to higher price, including due to quite high customs duties.

Immediately after the Agreement enters into force, Vietnam will have to cancel (set to zero) the import customs duties on more than 58% tariff lines of the whole commodity nomenclature for the suppliers from the Eurasian Economic Union. As regards the other 30% of the commodities nomenclature, the import customs duty rates will be reduced to 0% during the transition period. The free trade zone between the EAEU and Vietnam was not created from scratch. Our countries have been involved in mutually beneficial cooperation for many years. Mutual trade has been growing recently - from 2.6 bln USD in 2010 to 4.27 bln USD in 2015, which proves the involvement and interest of entrepreneurs in maintaining and developing the mutually beneficial cooperation. In view of this, the easing of trade procedures and elimination of barriers is a logical and consistent decision.

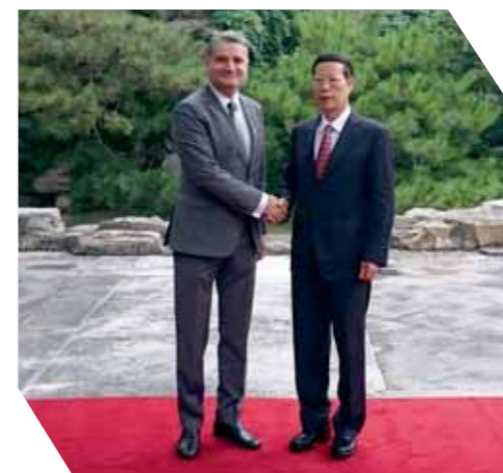
The free trade zone agreement between the EAEU and Vietnam embraces all areas of trade and economic cooperation. Apart from the reduction of import customs duty rates, the Agreement establishes the Parties' obligation to protect the intellectual property rights, sets common principles for competition protection, sets forth cooperation venues in the area of sustainable development, e-commerce and government

procurement. The Agreement significantly increases the predictability of trade regulations and creates conditions for the increase and diversification of trade turnover in the framework of the free trade zone. This document also provides for "safety" mechanisms against unfair competition and uncontrolled growth of imports.

It also provides for obligations in terms of the mutual liberalisation

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

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



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

HOW NEGOTIATIONS ON THE FREE TRADE ZONE ARE CONDUCTED

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

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

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

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

the Eurasian Economic Union. The Agreement on information exchange between the customs bodies of the EAEU Member States and the People's Republic of China will enable monitoring of the flow of goods crossing the customs borders of the Union more efficiently and improve conditions for control over the import of Chinese goods to the EAEU Member States, as well as their transit through the common customs territory of the Union. Information exchange will promote trade in good faith and have a beneficial impact on the overall economic situation of the Member States.

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

Formal negotiations started in the first half of 2016. In June this year in Beijing, the EEC Minister in charge of Trade Veronica Nikishina and the Chinese Minister of Commerce Gao Hucheng signed a joint statement on the transition to the negotiation stage of the Agreement development.

The goal of the Agreement is provision of complex interaction of

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

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

On the suggestion of Zhang Gaoli, the Parties, inter alia, agreed to work on the creation of a "data bank" in respect of projects of common interest for China and the Union Member States. Tigran Sargsyan and Zhang Gaoli also agreed that they would meet periodically to discuss the development of relations and support the responsible authorities to find optimal solutions.

India

The joint research group is currently continuing its work on the investigation of the feasibility of entering into a Free Trade Zone Agreement with India.

Mongolia

In June, 2015, in order to promote comprehensive cooperation between the EAEU Member States and Mongolia, to increase the efficiency of mutual trade and implement measures aimed at eliminating barriers to trade, a Memorandum on Cooperation between the EEC and the Government of Mongolia was signed.

The Republic of Korea

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

and improvement of e-procurement system in particular.

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

In September 2016, the joint team of academics of the EAEU

countries and the Republic of Korea completed its work. It was previously established to determine the optimal format for deepening economic and trade cooperation between the partners. The results of its work will be reported to the Council of the Eurasian Economic Commission for making a decision on further steps in order to increase quality and diversification of bilateral trade and investment.

APEC

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

The results of the Joint Strategic Study and the results of the discussion on the FRZAPR by the leaders of economies of the Forum in 2016 are of "substantive" interest for the Union, taking into account the location of our integration association between Europe and the Asia-Pacific Region, as well as plans for the EAEU on establishing FTZs with the individual economies

of the Forum. In the case of implementation of the FRZAPR in the foreseeable future, the Union will pay special attention to the solutions that are offered by FRZAPR in respect of trade simplification and facilitation, efficiency of industrial cooperation at the regional level and other initiatives aimed at improving the competitiveness of goods and services produced in the region.

On the platform of the Forum, the participants also discussed the possibility of establishing the APEC free trade zone (FRZAPR). The initiative on the FRZAPR was enshrined in the Bogor Goals in 1994. However, the discussion in this area has advanced thanks to the initiatives of China in 2014. One of the activities directions was the launch of the Joint Strategic Study to Assess the Economic Feasibility of FRZAPR (completion is planned before the end of 2016).



Tigran Sargsyan, the Chairman of the EEC Board and Koh Poh Koon, the Minister of Trade and Industry of Singapore signing the Memorandum of Understanding between the EAEU and Singapore

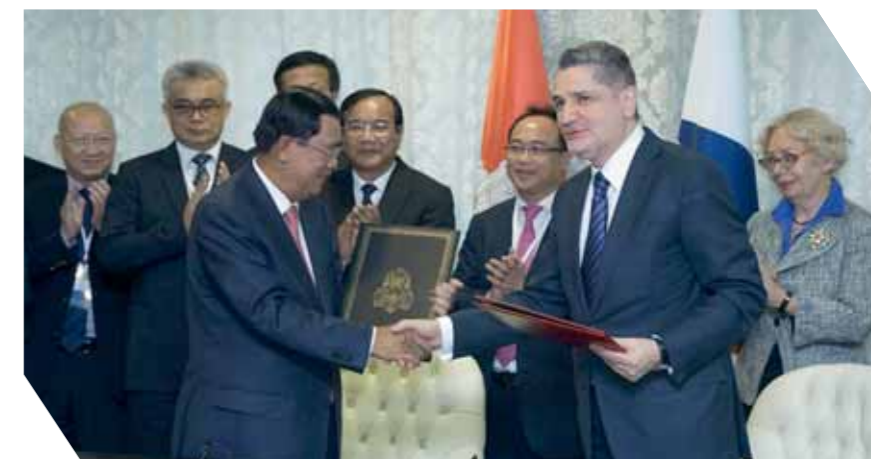
ASEAN

The Commission is working to establish cooperation with the ASEAN.

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

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

In May 2016, the Eurasian Economic Commission signed the Memoranda of Understanding with the Government of the Kingdom of Cambodia and with the Government of the Republic of Singapore, the ASEAN



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

Member States. The EEC Council in October 2016 will consider establishment of the JRG with the Republic of Singapore.

The Middle East

On October 16, 2015 at the session of the Supreme Eurasian Economic Council in Burabai village, Kazakhstan, based on the report of the Joint Research Group, it was decided to launch negotiations on the FTZ with Israel. The first round of talks is scheduled for autumn 2016.

Today, the work of the joint research group on the study of the feasibility of concluding a free trade agreement with Egypt has been completed. Till the end of this year, it is planned to summarize the outcomes of the joint study of the feasibility of concluding a preferential agreement with Iran.

Serbia

Consultations on preparations for the first round of talks with Serbia will be held before the end of the year. With regard to Serbia, we hope that the negotiation process will be fast enough as it is here on the harmonization of the trade regime - Belarus, Kazakhstan and Russia already have bilateral agreements with Serbia. However, Armenia and Kyrgyzstan do not have similar agreements.

The CIS

On the initiative of the EEC, the Memoranda of Understanding have been signed with the Standing Committee of the Union State Belarus and Russia. The Memorandum of Cooperation with the CIS Executive Committee was also signed.

The Latin America

The Memorandum of Understanding was signed in June 2015 between the EEC and the Government of the Republic of Chile, and in October 2015 - between the EEC and the Government of the Republic of Peru.

The EU

One of the priorities of the Eurasian Economic Commission is development of cooperation between the Eurasian Economic Union and the European Union. The urgency of such a dialogue is due to the fact that the European Union is the biggest trade and economic partner of the EAEU. In 2015 the EU accounted for over 50% of total exports and over 40% of total imports of the Eurasian Economic Union.

International organizations

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

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

(CEFACT), the United Nations Commission on International Trade Law (UNCITRAL), the UN Food and Agriculture Organization (FAO), the World Trade Organization (WTO), the Shanghai Cooperation Organization (SCO), the World Health Organization (WHO), the International Labour Organization (ILO), the Organisation for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF), the World Bank (WB), the World Customs Organization (WCO), Eurostat, the European and Mediterranean Organization for Plant Protection (EPPO), the International Organization for Migration (IOM), the International Aviation Committee (IAC), the

International Road Transport Union (IRU), the Organization for Cooperation of Railways (OSJD), the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA), the International Maritime Organization (IMO), etc.

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

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

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

After joining the WTO by one of the CU and CES Member State - the Russian Federation - the Agreement on operation of the Customs Union within the multilateral trade system was signed that provided for assurance of compliance of the CU with not only the basic principles of the WTO, but with the commitment

of individual member states of the association. Thus, the Common Customs Tariff of the Customs Union (CU CCT) has been aligned with the tariff bindings of Russia. This Agreement has become an integral part of the Treaty on the Eurasian Economic Union.

Considering almost similar obligations of Kazakhstan and Russia to the WTO (with the exception of tariff concessions), alterations to the Treaty on the EAEU after accession of the Republic of Kazakhstan to the organization were not required. In respect of tariff bindings, taking into account the significant number of

positions, on which Kazakhstan's bindings are below the bindings specified by the Russian Federation, the EAEU Member States have made a joint decision not to incorporate the bindings of Kazakhstan in the Common Customs Tariff, but to provide for exemptions from it for the Kazakh party.

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

Whereby, it is agreed that the goods imported using the WTO rates should be used only for consumption in the Republic of Kazakhstan and shall not be freely circulated throughout the Union. Exemptions to the CCT allowed Kazakhstan to fully meet its commitments in the World Trade Organization until Kazakhstan's commitments are not revised following negotiations in the WTO. In addition, exemptions to the CCT retained a higher level of tariff protection of the Union as a whole.

In 2015, the Republic of Armenia and the Kyrgyz Republic, which have a longer history of the membership in the WTO, joined the Union. Given the earlier accession of Armenia and Kyrgyzstan to the WTO as compared to Russia or Kazakhstan, commitments of these

countries did not go beyond the basic commitments under the WTO Agreement. The incorporation of these commitments into the Union law was considered as inexpedient.

The relevant provisions are enshrined in the treaties on accession of the Republic of Armenia and the Kyrgyz Republic to the Treaty on the Eurasian Economic Union. Moreover, from the date of accession to the Union, the Armenian and Kyrgyz parties began to apply the Common Customs Tariff that is allowed by the WTO (Article XXIV of the GATT) in the case of joining the Customs Union by an organization member. In order to ensure compliance by Armenia and Kyrgyzstan with its commitments to the WTO, in accordance with Article XXVIII of the GATT, procedures for the revision of tariff commitments of the two countries in the WTO were initiated. At the Union level, the decisions were made on the establishment of common negotiating delegations on the revision of tariff commitments with the participation of representatives of all the Member States and the Commission in each of them.

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

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

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

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

INTEGRATION SEGMENT OF ECONOMIES OF THE EAEU MEMBER STATES

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

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

THE CUSTOMS UNION

2010

The Customs Code of the Customs Union

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

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

COMMON ECONOMIC SPACE

2012

17 basic international agreements introducing the Common Economic Space.

2013

Model Law "On Competition" that defines a common approach to the basic provisions of the Competition Law in the CU countries (the EAEU) with the aim of convergence of legal regulation of economic relations in competition policy on the Union territory. In accordance with the law, the EEC gained the power to control the compliance with the competition rules in transboundary markets on the territory of the Customs Union (the EAEU) countries.

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

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

THE EURASIAN ECONOMIC UNION

2015

The Treaty on the EAEU.

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

Agreement on shipping.

2016

The Customs Code of the Eurasian Economic Union.

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

The Protocol on amendments to the Agreement on the common customs registry of intellectual property objects of the Member States of the Customs Union, dated May 21, 2010.

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

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

2017

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

The Pension Agreement of workers and their families within the EAEU countries. To ensure social provision of workers of the parties, and the provision of equal rights and guarantees, the Treaty on the EAEU enshrines the right of recognition of insurance service record acquired in the countries of the Union.

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

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

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

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

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

The Agreement on requirements to implementation of activities in financial markets.

The Agreement on mutual admission (accreditation) of brokers and dealers of the EAEU Member States to the national stock exchange.

The international treaty on the rules and procedures to ensure safety and circulation of products, the requirements for which are not established by the Technical Regulations of the Eurasian Economic Union.

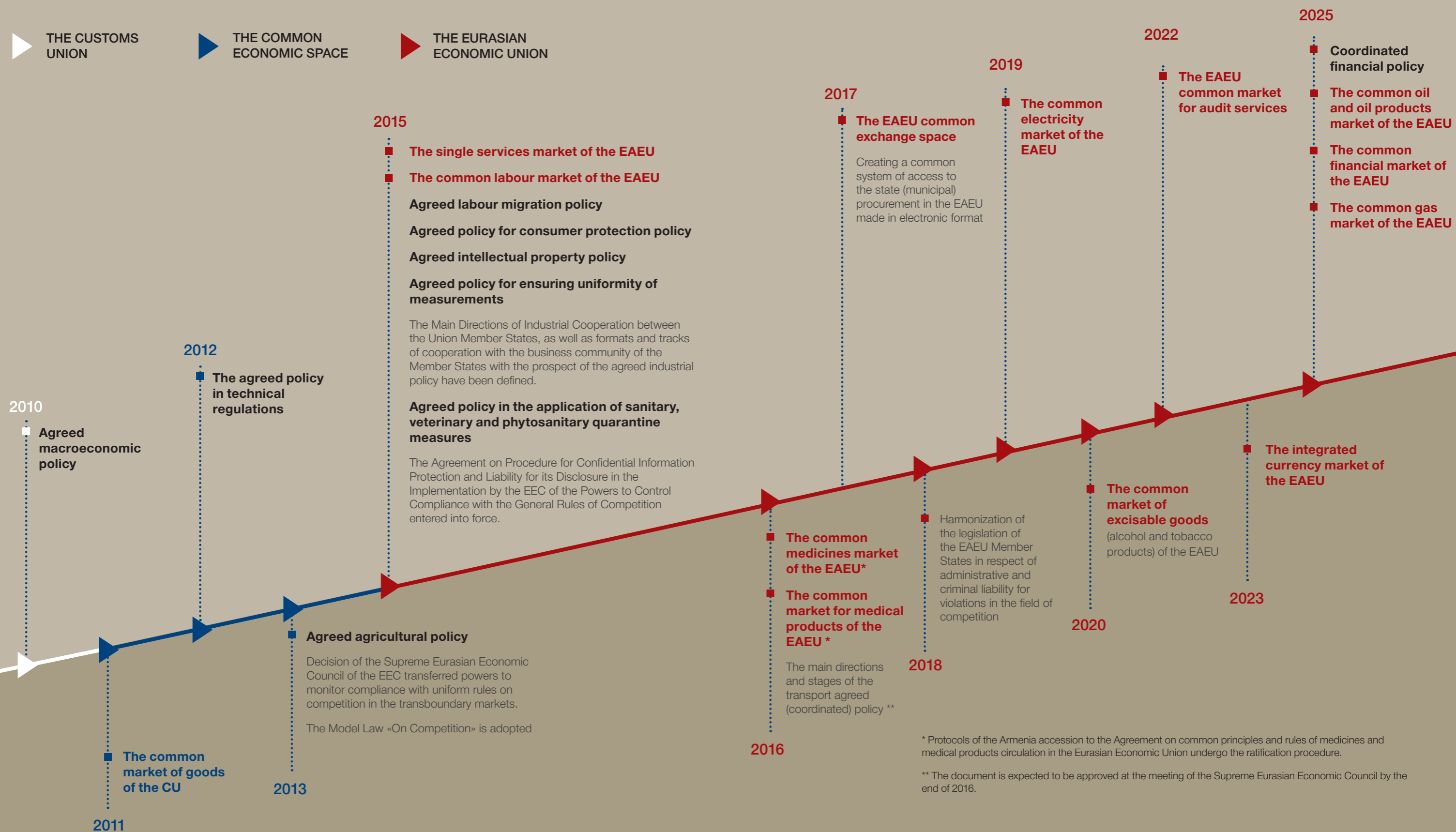
The international treaty on the procedure and conditions for removal of technical barriers in mutual trade with third countries.

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

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

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

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



* Protocols of the Armenia accession to the Agreement on common principles and rules of medicines and medical products circulation in the Eurasian Economic Union undergo the ratification procedure.

** The document is expected to be approved at the meeting of the Supreme Eurasian Economic Council by the end of 2016.

FOUR "FREEDOMS" IN THE EAEU

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

2011 2015 2025

CUSTOMS UNION

THE COMMON ECONOMIC SPACE



The single market of goods — free movement of goods

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

EURASIAN ECONOMIC UNION



The single services market — free movement of services

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



The common labour market — free movement of labour

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

The common labour market implies:

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

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



The common financial market — free movement of capital

The common financial market implies:

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

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