EURASIAN ECONOMIC INTEGRATION: current situation and prospects for development

December, 2014
The «four freedoms»
(goods, services, labor force and capital)

Common infrastructure

Extending integration

Removal of remaining barriers on the way of the «four freedoms»
Foreign and mutual trade of the goods of the CU and the SES Member-States in 2009-2013

The dynamics of the mutual trade volume of the CU and the SES member-states in % to 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Volume</th>
<th>Without Fuel and Energy Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>129,1</td>
<td>141,6</td>
</tr>
<tr>
<td>2010</td>
<td>172,9</td>
<td>186,8</td>
</tr>
<tr>
<td>2011</td>
<td>185,8</td>
<td>205,6</td>
</tr>
<tr>
<td>2012</td>
<td>175,6</td>
<td>206,3</td>
</tr>
</tbody>
</table>

Export growth of foreign and mutual trade of the CU and the SES Member-States excluding fuel and energy goods (27 group of HS CU), in % of the previous year

<table>
<thead>
<tr>
<th>Year</th>
<th>Mutual Trade</th>
<th>Foreign Trade with Third Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>41,6</td>
<td>15,5</td>
</tr>
<tr>
<td>2011</td>
<td>31,9</td>
<td>22,9</td>
</tr>
<tr>
<td>2012</td>
<td>10,1</td>
<td>2,0</td>
</tr>
<tr>
<td>2013</td>
<td>0,3</td>
<td>-6,1</td>
</tr>
</tbody>
</table>

GDP dynamics

Source: The EEC Statistics

The Department of integration development
The Treaty on the Eurasian Economic Union

Establishes the EAEU (art. 1 on the Treaty on the EAEU), which provides:

- Freedom of movement of goods
- Freedom of movement of services
- Freedom of movement of capital
- Freedom of movement of labor force
- Carries out the coordinated, agreed or single policy in the key sectors of economy

Singed in May 29, 2014  Ratified in October 2014  Comes into effect on the 1st January 2015
The Treaty on the EAEU: STRUCTURE

Part 1: articles 1 - 22
«Establishment of EAEU»
I. General provisions;
II. Basic principles, aims, competence and Union’s rights;
III. Bodies of the Union;
IV. Union’s budget;

Part 2: articles 23 - 61
«The Customs Union»
V. Informational cooperation and statistics;
VI. The CU functioning;
VII. Regulation of medicines and medical devices circulation;
VIII. Customs regulation inside the Union;
IX. Foreign policy;
X. Technical regulation;
XI. Sanitary, veterinary-sanitary and quarantine phyto-sanitary measures;
XII. Consumer protection;

Part 3: articles 62 - 98
«The Single Economic Space»
XIII. Macroeconomic policy;
XIV. Currency policy;
XV. Trade in services, establishment and implementation of investment activities;
XVI. Regulation of financial markets;
XVII. Taxes and Taxation;
XVIII. General principles and rules of competition;
XIX. Natural monopolies;
XX. Energy;
XXI. Transport;
XXII. Governmental (municipal) procurement;
XXIII. Intellectual property;
XXIV. Industry;
XXV. Agro-industrial complex;
XXVI. Labour migration;

Part 4: «Transitional and Final Provisions»
articles 99 -118
XXVII. Transitional provisions;
XXVIII. Final provisions
The Treaty on the Eurasian Economic Union:
STRUCTURE OF THE ANNEXES

ANNEXES TO THE TREATY

- **The Provision of EEC**
  - The Commission is permanent, regulated body of the EAEU
    - p. 1 art. 18 of the EAEU Treaty
  - The main task of the Commission is to provide operating conditions and the EAEU development, and also development of offers in the sphere of economic integration within the framework of the EAEU
    - p. 1 art it. 19 of the EAEU Treaty

- **The Statute of the EAEU Court**
  - The Court is permanent judicial authority of the EAEU
    - p. 1 art it. 19 of the EAEU Treaty
  - The purpose of the Court is to provide uniform application by member states and bodies of the Union, international treaties within the framework of the EAEU, international treaties of the EAEU with the third parties and decisions of the EAEU bodies
    - p.2.1 of the Statute of the EAEU Court

- **The Customs Union**
  - The Customs Union is a form of trade and economic integration of the Parties, providing the common customs territory within which in mutual trade the customs duties (other duties aren't applied, the taxes and fees having equivalent action), measures of the non-tariff regulation, special protective, anti-dumping and countervailing measures, work a Common Customs Tariff and common measures of regulation of foreign trade with goods with the third countries
    - art. 2 of the EAEU Treaty

- **The Single Economic Space**
  - The Single Economic Space consists of the member-States territories and where similar (comparable) and same type of regulation mechanisms of the economy based on the market principles and harmonized or unified rules of law, functions
    - art. 2 of the EAEU Treaty

- **The Commission is permanent, regulated body of the EAEU**
  - p. 1 art. 18 of the EAEU Treaty

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  - art. 2 of the EAEU Treaty
**EAEU** – economically mutually beneficial and equal in rights Union

### Coordinated, agreed or single policy in the sectors of economy in the framework of the EAEU

**electric-power industry**  
*Section XX art.81 of the EAEU Treaty*  
*Annex 21 to the EAEU Treaty*  
*by July 1, 2019*  
*common electric power market*  
*p. 2, 3 art. 104 of the EAEU Treaty*

**gas**  
*Section XX art.83 of the EAEU Treaty*  
*Annex 22 to the EAEU Treaty*  
*by January 1, 2025*  
*common gas market*  
*p. 4, 5 art. 104 of the EAEU Treaty*

**oil and petrochemicals**  
*Section XX art.84 of the EAEU Treaty*  
*Annex 23 to the EAEU Treaty*  
*by January 1, 2025*  
*common oil and petrochemicals markets*  
*p. 6, 7 art. 104 of the EAEU Treaty*

**financial sector**  
*Section XVI it.70 of the EAEU Treaty*  
*Annex 17 to the EAEU Treaty*  
*by 2025*  
*creation of supranational body for regulation of the financial market in Alma-Ata*  
*p. 2 art. 103 of the EAEU Treaty*

**pharmaceutics**  
*Section VII art.30,31 of the EAEU Treaty*  
*since January 1, 2016*  
*common market of medicines*  
*p. 1 art. 100 of the EAEU Treaty*

**transport**  
*Section XXI art.86 of the EAEU Treaty*  
*Annex 24 to the EAEU Treaty*  
*since January 1, 2016*  
*stage-by-stage formation of the common market of transport services*  
*p. 2 art. 86 of the EAEU Treaty*  
*United Transport and Logistic Company (UTLC) creation*
The implementation of coordinated policy in the sphere of technical regulation is associated with the development and adoption of uniform TECHNICAL REGULATIONS (TR). Technical regulations are developed and adopted in order to ensure on the customs territory of the CU for the protection of life and (or) human health, property, environment, life or health of animals and plants, prevention of actions misleading consumers, and to ensure energy efficiency and resource saving. The adoption of TR for other purposes is not allowed. art. 52 to the EAEU Treaty

Mandatory requirements in the unified technical regulations

The uniform mark of products circulation

The single list of products

Uniform intergovernmental standards (voluntary use)

The single register of bodies for the conformity assessment

The single list of products

CB - certification body TL – testing laboratory

More than 8000 standards

Common document on conformity assessment for member-states of the CU and the SES

The order, rules and procedures of technical regulation - Annex No 9 to the EAEU Treaty

Coordinated policy in the sphere of the uniformity of measurements - Annex No 10 to the EAEU Treaty

Recognition of results of accreditation bodies for conformity assessment of member States - Annex No 11 to the EAEU Treaty
Sanitary, phytosanitary and veterinary measures in Member-States of the CU and the SES

Section XI of the Treaty on the EAEU
"Sanitary, veterinary and phytosanitary and quarantine measures"

Annex of sanitary, veterinary and sanitary, quarantine and phytosanitary measures and interaction of competent authorities of the Member States in the spheres of public health, animal health and quarantine phytosanitary measures shall be in accordance with Annex 12 to the EAEU Treaty

p.6 art.56 of the EAEU Treaty

Health, animal health and quarantine phytosanitary measures shall be applied on the basis of having a scientific basis, and only to the extent that is necessary to protect the life and health of humans, animals and plants

p.1 art.56 of the EEU Treaty

Sanitary measures
art.55 of the EAEU Treaty
- single list of products (goods) to be the state sanitary-epidemiological supervision (control);
- common sanitary and epidemiological and hygienic requirements and procedures;
- State sanitary and epidemiological supervision (control) in accordance with the laws of the Member States and the Commission acts

Veterinary-sanitary measures
art.58 of the EAEU Treaty
- single list of goods subject to veterinary control (supervision), approved by the Commission;
- uniform veterinary (veterinary-sanitary) requirements established by the Commission;
- veterinary control (supervision) over controlled by veterinary control (supervision) goods;
- common forms of veterinary certificates approved by the Commission;

Quarantine and phytosanitary measures
art.59 of the EAEU Treaty
- list of goods subject to quarantine and phytosanitary control;
- Single list of quarantine and phytosanitary objects of the Union;
- Single phytosanitary and quarantine requirements, approved by the Commission.
Coordinated policy in the field of industry, agriculture and transport

**Industrial policy**
Section XXIV of the Treaty on the EAEU

The purpose of industrial policy: accelerating and improving the sustainability of industrial development, competitiveness, industrial complexes of the Member States, the implementation of effective cooperation aimed at increasing of innovation activity, the removal of barriers in the industrial sector.

- mutual sharing plans for industrial development;
- development and implementation of joint programs for the development of priority economic activities for industrial cooperation;
- implementation of joint infrastructure projects, etc.;
- joint research and development activities in order to promote high-tech industries;
- the removal of barriers and the development of mutually beneficial cooperation

**Agricultural policy**
Section XXV of the Treaty on the EAEU

The purpose of a coordinated (harmonized) Agricultural policy: effective implementation of the resource potential of the Member States to optimize the production of competitive agricultural products and food, meet the needs of a common agricultural market, as well as increasing exports of agricultural products and foodstuffs.

- Balanced development of production and markets for agricultural products and foodstuffs;
- Ensuring fair competition between Member States entities, including equal access to the common agricultural market;
- Standardization related to the circulation of agricultural products and foodstuffs;
- Protection of Producers of Member States on the domestic and foreign markets

**Transport**
Section XXI of the Treaty on the EAEU

Coordinated (harmonized) transport policy to achieve economic integration, consistent and gradual formation of a single transport space

- forming a single transport space;
- creation and development of Eurasian transport corridors;
- development of transport infrastructure;
- creation of logistics centers and transport organizations providing transportation process optimization;
- liberalization of transport services between Member States

**Formation of the main areas of industrial cooperation**
Section XXIV of the EAEU Treaty; Annexes 27,28 to the EAEU Treaty

**Agreed (coordinated) Agricultural Policy**
Section XXV of the EAEU Treaty; Annex 29 to the EAEU Treaty

**Creation of a common market of transport services**
Section XXI of the EAEU Treaty; Annex 24 to the EAEU Treaty

The Department of integration development
The Eurasian Economic Commission’s characteristics

Supranational Level

The EEC works as the permanent regulatory body of the EAEU with the supranational functions in the sphere of economic integration within the framework of the EAEU.

Art. 18 of the EAEU Treaty; p. 1 of the Provision about EEC

Equality of Votes and Equality of Representatives

Each EAEU Member-state is equally represented (p. 23, 31 of the Provision about EEC); equal number of votes in the Council and Board of the EEC (p. 21 of the Provision about EEC), and equal representation of the Member-States among departments’ heads (p. 2 art. 9 of the EAEU Treaty).

Competition for the Staff

The EEC employees are selected by the open competition results from the citizens of the Member-States.

Art. 9 of the Treaty on the EAEU; p. 54 of the Provision about EEC

Sectorial Advisory Committees as a Consultative Body

For cooperation with representatives of public authorities of the Member-States the Commission has the right to create the Advisory Committees on which separate questions of the EEC competence can be considered.

p.7, 44,45 of the Provision about EEC

Cooperation with Business Community

The important questions concerned the interests of business community of the CU member-states are considered within the context of the Business Dialogue (Memorandum on cooperation between the EEC and Business Dialogue Russia-Belarus-Kazakhstan, June 15, 2012).

Assessment of Regulating Influence

Obligatory use of the assessment of regulating influence mechanism at acceptance decisions by the EEC which can have influence on terms and conditions of business activity.

p. 15 of the Provision about EEC

The EAEU Operates under the WTO Rules

The Agreement on the Functioning of the CU within a Multilateral Trade System of May 19, 2011. The Russian Federation has joined the WTO on August 22, 2012.

Annex No 31 to the Treaty on the EAEU
Basic documents within the framework of EAEU

**EAEU Treaty 2014**
- **Entry into force**: since January 1, 2015
- **EAEU – juridical entity**;
- **ЕАЭС – international organization regional economic integration**, has the international personality.

**Custom Code of the EAEU**
- **Signing and ratification**: entry into force - 2016
- **Common customs regulation**: art. 32 of the EAEU Treaty
- Development of the CC project of the EAEU is actively conducted instead CC of the CU.
- More than 20 agreements will be incorporated into the CC of the EAEU.

**The Treaty on joining the Republic of Armenta to the Treaty on the EAEU 2014**
- **Signed**: October 10, 2014
- **Shall be ratified**
- The Republic of Armenia is becoming a new member of the EAEU after ratification by the 4 parties.
Institutional structure of the EAEU

**SUPREME EURASIAN ECONOMIC COUNCIL (SEEC)**

Heads of State;

The decision are made by **Consensus**  
art.10-13 of the EAEU Treaty

**Intergovernmental Eurasian Council**

Heads of Government of the Member-States;

**Consensus**  
art. 14-17 of the EAEU Treaty

**Eurasian Economic Commission**

art. 18 of the EAEU Treaty; Annex 1 to the EAEU Treaty (Provision about the EEC)

**Council**

1 representative from each Member-State (competence of the Deputy Prime Minister);  
**Consensus**  
p. 22-30 of the Provision about the EEC

**Board**

Representatives of the Member-States by the principle of equal representation of the Member-States;  
**Qualified majority by 2/3 votes**  
On the questions determined by SEEC, the decision are made by **consensus**  
p.31-53 of the Provision about the EEC

**Departments**

(in accordance with areas of activities)  
p.54-62 of the Provision about the EEC

**Advisory Committees**

(in accordance with areas of activities)  
p. 7,44,45 of the Provision about the EEC

**Business Dialogue**

Representatives of the national business community

**The Court of the Eurasian Economic Union**

2 judges from each member state (equally represented)
**International cooperation of the Eurasian Economic Commission**

**EAEU has the legal personality** (p. 2 art. 1 of Treaty on the EAEU)

EAEU has the right to carry out the international cooperation with states, international organization and international integration institutes and to enter independently or with the Member-state into international agreements under the competence matters. (p. 1 art. 7 of the Treaty on the EAEU)

The free trade regime is established in trade of goods with the third party on the basis of the international treaty of the EAEU with such third party (art. 35 of the Treaty on the EAEU)

**Negotiations on Free Trade Areas**

- Vietnam
- New Zealand
- European Free Trade Association
  - Work of Join Research Group (JRG) on scrutiny the opportunity and reasonability of concluding the agreement with Egypt
  - Work of JRG on scrutiny the opportunity and reasonability of concluding the agreement with Israel
  - Creation of JSG on scrutiny the opportunity and reasonability of concluding the agreement with India

**Membership in the Union** - the Union membership is open to any state that shares its aims and principles, on the terms agreed by the Member States (art. 108 of the Treaty on EAEU)

**The Potential Candidate for Joining**

- Armenia
- Kyrgyz

**Cooperation with International Organizations and Integrations Institutions**

- United Nations
- WTO
- European Union
- OSCE
- APEC
- Mercosur

**Memoranda on Cooperation and Understanding**

- Ukraine
- China
- Ministry of Commerce of the People's Republic of China
- Egypt
- Armenia

The Department of Integration Development
Foreign trade of the CU and the SES Member-States in 2013, billion US dollars

**TRADE**

- **931** (100%)
  - **492.1**
    - the World
  - **123%**
    - EU
  - **123%**
    - China
  - **123%**
    - CIS
  - **30.9**
    - USA

**EXPORT**

- **584.4** (100%)
  - **337.8**
    - the World
  - **50.4**
    - EU
  - **46.2**
    - China
  - **11.6**
    - CIS
  - **11.6**
    - USA

**IMPORT**

- **346.6** (100%)
  - **154.3**
    - the World
  - **64.2**
    - EU
  - **24.9**
    - China
  - **19.3**
    - CIS
  - **19.3**
    - USA

*Source: the EEC Statistics*

The Department of integration development
Dynamics of foreign trade of the CU and the SES Member-States with the United States of America in 2010-2013

Foreign trade of the CU and the SES member-States with the United States of America
in billion US dollars

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
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<td>13.3</td>
<td>17.5</td>
<td>13.4</td>
<td>11.6</td>
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<tr>
<td>import</td>
<td>13.0</td>
<td>16.8</td>
<td>18.1</td>
<td>19.3</td>
</tr>
<tr>
<td>turnover</td>
<td>26.2</td>
<td>34.3</td>
<td>31.4</td>
<td>30.9</td>
</tr>
</tbody>
</table>

Source: the EEC Statistics

The Department of integration development
Dynamics of foreign trade of the CU and the SES
Member-States with the United States of America in 2010-2013, million USD

**Foreign trade of Kazakhstan with USA**

- **Export**
  - 2010: 878,7
  - 2011: 1,668
  - 2012: 2,133
  - 2013: 2,533

- **Import**
  - 2010: 399,5
  - 2011: 1,426
  - 2012: 1,308
  - 2013: 2,526

- **Turnover**
  - 2010: 1,258
  - 2011: 2,133
  - 2012: 2,533
  - 2013: 2,526

**Turnover**

- 2010: 1,096%
- 2011: 1,038%
- 2012: 1,388%
- 2013: 1,123%

**Source:** the EEC Statistics

**Foreign trade of Belarus with USA**

- **Export**
  - 2010: 72,9
  - 2011: 86,4
  - 2012: 71,2
  - 2013: 89,1

- **Import**
  - 2010: 86,4
  - 2011: 414,2
  - 2012: 634,1
  - 2013: 587,2

- **Turnover**
  - 2010: 118,1
  - 2011: 112,3

**Turnover**

- 2010: 90,7%
- 2011: 112,3%

**Foreign trade of Russia with USA**

- **Export**
  - 2010: 12,3
  - 2011: 16,4
  - 2012: 12,9
  - 2013: 11,1

- **Import**
  - 2010: 11,1
  - 2011: 14,6
  - 2012: 15,3
  - 2013: 16,5

- **Turnover**
  - 2010: 23,4
  - 2011: 31,0
  - 2012: 28,2
  - 2013: 27,7

**Turnover**

- 2010: 118,1%
- 2011: 112,3%

**Source:** the EEC Statistics

The Department of integration development
Single Economic Space from the Atlantic to the Pacific

Creation 4 Common Spaces
Trade liberalization including introduction of free trade regimes

1967
Customs Union
EU
1992
Free Trade Area
Single Market
1993
EAEU
2010
Customs Union
Free Trade Area
APEC
2012
Single Economic Space
2015
Trade liberalization including introduction of free trade regimes

The Department of integration development
Thank you!

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The Treaty on the Eurasian Economic Union, May 29, 2014
The Treaty on joining the Republic of Armenia to the Treaty on the EAEU, October 10, 2014
is located on the official web-site http://www.eurasiancommission.org