



# STUDYING AND TEACHING MATERIALS

**EAEU:  
ECONOMIC INTEGRATION SPACE**

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The studying and teaching materials «EAEU: Economic Integration Space» are devoted to the development of Eurasian integration at the present stage. The author considers processes in the theoretical context of integration, the experience of integration entities across the world and the history of Eurasian integration. Some chapters of the studying and teaching materials cover the prospects and scenarios of EAEU development. The materials are intended to be used for educational purposes by teachers, post-graduate students, students, and may be useful for specialists on Eurasian integration issues.

The views and opinions expressed by the author herein do not necessarily reflect those of the Russian International Affairs Council.

The full text of this teaching materials is available on the RIAC website. – [russiancouncil.ru/en/umm8](http://russiancouncil.ru/en/umm8)

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# **RIAC Introduction**

In 2015, along with the creation of the Eurasian Economic Union (EAEU), a new impetus was given to the topic of economic integration in the post-Soviet space. In the past three years, integration has been gaining momentum and gradually extending into the public and expert space in Russia and other member states of the Union. The rules and institutions to regulate EAEU activity were being formed.

These new processes require qualified specialists, both for the implementation of EAEU development programs, and for a comprehensive study of the potential areas for future activities of the Union, including cooperation with other integration entities. All this creates prerequisites for the development of relevant scientific and educational programs. It is important to provide objective and systematized information about the EAEU not only for citizens of the member states of the Union, but also for experts from foreign countries who are interested in developing contacts with the EAEU.

RIAC has been working on a study of Eurasian integration since 2015. Understanding the need to promote and share experience in the area of teaching Eurasian integration, RIAC launched an initiative to prepare studying and teaching materials on Eurasian integration. Marina Lapenko, Associate Professor at Chernyshevsky National Research Saratov State University, who has been successfully engaged in the study and teaching of disciplines on integration in the Eurasian space for several years, authored the studying and teaching materials.

We expect that these materials will act as an effective catalyst to the formation of an expert network in the area of studying and teaching disciplines related to integration both in Russian universities and in universities of the EAEU member states.

# Course Syllabus

No.	Topics	Lectures	Seminars	Hours Total
1	Regional Integration: from Theory to Practice of Development in the Context of Globalization	2	2	4
2	History of Eurasian Economic Integration	2	2	4
3	Bodies of the Eurasian Economic Union	4	4	8
4	Law, Categories, and Definitions of Eurasian Economic Union	2	2	4
5	Main Lines of Cooperation within the EAEU	4	4	8
6	Methods and Techniques for Integration Assessment	2	2	4
7	First Integration Results within the EAEU Framework	2	2	4
8	EAEU Development Prospects up to 2025: Control Points, Analysis, and Forecasting	2	2	4
Hours Total:		20	20	40

# Lecture Notes

## Lecture 1. Regional Integration: from Theory to Practice of Development in the Context of Globalization

### 1.1. Definition, goals, objectives, and position of regional integration in globalization processes

Integration processes are a characteristic feature of modern international relations and represent the most important global trend of the last century. Integration successfully started in Western Europe in the 1950s, and by the 1980s it already extended far beyond Europe. Integration entities appeared in North and Latin America, Africa, and East and South Asia.

The term “*integration*” comes from the Latin “*integratio*”, which means the combining of separate parts into an integral whole. In the context of inter-state relations, it implies a voluntary and mutually beneficial association of separate parts (entities) into some kind of independent integrity (community). At the same time, this integrated association is not just an arithmetic sum of its constituent parts, but it has a synergetic effect, because it is much larger and more meaningful in its scope.

*Integration* can occur in various spheres – economic, political, social, cultural and other – both at the macroeconomic (inter-state) and microeconomic (individual firms and companies) levels. Integration can be performed on the basis of an *institutional model* (within the framework of a signed interstate agreement) or a *soft model* (no institutionalization implied, due to the high level of economic interdependence and complementarity). There are also other types of integration, the one affecting only the market sphere, and *deep integration*, that is made manifest in production sphere.

Economic integration is understood as the degree of development of economic relations, when the growing economic interdependence of two or more states leads to the merger of national markets of goods, services, capital, and labor, and the formation of an integrated market space with coordinated or unified monetary, financial and legal systems and very close coordination of domestic and foreign economic policies of the respective states depending on the depth of integration.

There are certain correlations as well as differences between international economic integration and the process of globalization. According to Russian researcher Yu.V. Shishkov, globalization is a new quality of internationalization at the stage of its maximum possible development «in width», while integration is the highest stage of its development «in depth».

An alternative view is that regional economic integration is a factor facilitating globalization, as it creates the conditions for free circulation of goods, services, capital and labor, which strengthens interconnectivity and interdependence of economies and the creation of a single world market.

Regional economic integration is the merging of economies of neighboring states into a single economy based on sustainable economic ties between their companies. At the end of the 20th century, regional integration became one of the key features of global economic development, a powerful instrument for the accelerated development of regional economies and increasing competitiveness in the world market for the member states of integration entities.

Geographical proximity of the member states, similarity of the levels of economic and political development, compatibility of economic mechanisms, common historical and cultural roots, the demonstration effect of a more-developed integration group, and political will of the leaders who develop and implement the integration process at the state level are the classical prerequisites for regional integration. Many of these factors contribute to integration, but are not mandatory conditions for it.

## 1.2. Regional economic integration forms

Regional economic integration as a whole is a gradual process of transition to a higher form of economic interaction. From the practical experience of the development of integration entities (mainly the European Union) and the theory of international economic integration, there are six main organizational and legal regional integration forms: Preferential Trade Area (PTA), Free-Trade Zone (FTZ), Customs Union (CU), Common Economic Space (CES) or Common Market, Economic and Monetary Union (EMU), and Political Union (PU).

*Preferential trade area* is a trading bloc that gives access to certain products from the participating countries through reduction or elimination of tariffs in their mutual trade.

*Free-trade zone* is a form of international economic integration without trade restrictions between the member states of the integration association. The customs duties and quotas are reduced or revoked. Each of the member states maintains its own trade regime in relation to third countries.<sup>1</sup>

*Customs union* is a form of international economic integration of states which is composed of a common trade area without customs duties (other duties, taxes, and charges having equivalent effect) being applied in mutual trade, as well as measures of non-tariff regulation, special protective, anti-dumping, or countervailing measures. Such areas adopt a Unified Customs Tariff and common measures on regulating trade with third countries.

*Common market*<sup>2</sup> is a form of international economic integration with “four freedoms” being ensured between member countries – free movement of goods, services, capital and labor.

<sup>1</sup> This being the definition of a classical free-trade zone, most of the free-trade zones in the world economy operating in a mode beyond duty-free principle, by harmonizing non-tariff restrictions and regulations, liberalization of trade in services, having a common investment policy, including the free flow of capital, etc.

<sup>2</sup> This definition is used in Western theory and practice. Within Eurasian integration this stage is defined as Common Economic Space (CES).

*Economic and Monetary Union* is the most complex form of international economic integration with highly developed, strong, long-term foreign economic relations. Upon reaching the stage of the Economic Union, the agreements on the Free-Trade Zone, the Customs Union, and the Common Market are supplemented by agreements on common economic policy, including the sectors of industry, agriculture, transport, energy, as well as monetary and financial area; when the Monetary Union is created, the member states come to an agreement on the introduction of a common currency with a single monetary policy and a single emission center.

*Political Union* is the further development and improvement of international economic integration forms, and is the transformation of an integration association into a confederative state, including the transformation of supranational government bodies into central government bodies with wide powers.

In the modern theory of international economic relations, it is assumed that the transition of an integration association to a more advanced stage of integration development must go along with the introduction of all conditions and the abolition of all restrictions that are characteristic of the existing stage. However, in practice, there are no integration associations that fully align with a specific stage of integration development, with all existing barriers lifted, all restrictions removed and no exemptions or exceptions. Typically, the most common forms of regional integration are the Free-Trade Zone and the Customs Union. In addition, it should be noted that of all integration associations only the European Union has partially approached the stage of creating the Political Union, since the attempt to adopt a pan-European constitution was unsuccessful.

The theory of stages of integration reflects only one aspect of integration cooperation between countries – the degree of liberalization and harmonization of legislation, i.e. the level of “freedom” of economic interaction, which is expressed, as a rule, in the removal of barriers and restrictions, and the formation of preferences. However, ensuring a certain degree of liberalization and harmonization of legislation is not an end in itself, but a means to achieve the goals of integration cooperation.

By forming any integration association member countries are aiming at acquiring economic advantages and benefits from mutual cooperation and achieving synergy. Defining the directions of implementation implies selecting areas of economic cooperation and the model for implementation, which determine the areas of interaction and economic spheres. Should they be developed jointly, it will give advantages and benefits to the member states.

The implementation models of integration of regional economic groups are built upon interaction in a diversity of industries and sectors of the economy. They can be classified into the following seven schemes:

1. joint development of system-forming economic sectors for all countries of the union;
2. development of industries that are of interest to all countries of the integration association;

3. joint development of mutually complementary sectors of national economies;
4. joint development of industries using competitive advantages of the association of member states;
5. development of specialized industries based on the competitive advantages of member states;
6. joint development of import-substitution industries;
7. joint development of infrastructure to increase mutual and foreign trade.<sup>3</sup>

### 1.3. Global integration processes

In the current context of globalization, hardly any country in the world can develop effectively without interacting with other states. Countries unite according to their political, economic, geopolitical or geo-economic interests. Integration entities appear for the purpose of furthering these interests.

According to the WTO, since the early 1990s there has been an increase in signatures of regional trade agreements (RTAs). As of January 2005, 312 inter-state agreements were registered in the global economy, the majority of which initiated the creation of Free-Trade Zones (84%). As of February 2016, the GATT and WTO collectively received 625 RTA notifications (for goods, services, and accession separately), 419 of which entered into force. In general, the number of RTAs that have come into force is increasing steadily. This trend is only strengthened by the numerous RTAs that are currently being negotiated. 90% of them are free-trade agreements (FTAs) and reduction in force agreements, and 10% are agreements on customs unions.

In general, there are more than 50 multilateral economic integration associations in the world, both regional and sub-regional. At the same time, the integration associations formed in the 1990s–2000s differ significantly from the agreements of the 1960s–1980s in the scope of integration measures, the model of foreign economic development, the geographical factor, and the degree of participation of countries by the level of their economic development. Since the middle of 1990s the number of interregional (mega) agreements on free trade zones including countries from different continents has been increasing, as well as the desire to create a region-wide free trade zone. In particular, the option of creating a free trade zone is being considered within the framework of the APEC Forum, the East Asian Economic Association and others.

Integration associations are created both by countries close in the level of economic development whether developed (as in the European Union) or developing (as in the Caribbean Community) – and countries whose development level differs significantly (for example, the North American Free Trade Agreement). However, regardless of the geographical location and level of economic development of integrating countries, the development of integration entities around the world,

<sup>3</sup> Analyzing Integration Cooperation Strategies (models of implementation of integration potential) of the Most Known Integration Unions. Moscow, 2014. URL: [goo.gl/5AzEDj](http://goo.gl/5AzEDj) content\_copy Copy short URL

**Table 1. Examples of Integration Entities around the World**

<b>Asia-Pacific Region</b>
Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)
Asian and Pacific Trade Agreement (APTA)
Association of South East Asian Nations (ASEAN)
Trans-Pacific Strategic Economic Partnership Agreement (TSEPA)
South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)
<b>North America</b>
North American Free Trade Agreement (NAFTA)
<b>Central and South America</b>
Comunidad andina (CAN), Andean Community
South Asian Association for Regional Cooperation (SAARC)
Alianza Bolivariana para los Pueblos de Nuestra América (ALBA)
Caribbean Community (CARICOM)
Mercado Común del Sur, Southern Common Market (MERCOSUR)
Organization of Eastern Caribbean States (OECS)
Comunidad de Estados Latinoamericanos y Caribeños (CELAC)
The Central American Common Market (CACM)
Union of South American Nations, Unión de Naciones Suramericanas (UNASUR)
<b>Africa</b>
The East African Community (EAC)
The West African Economic and Monetary Union (UEMOA)
Union du Maghreb arabe (UdMA, UMA)
Common Market for Eastern and Southern Africa (COMESA)
Southern African Development Community (SADC)
Southern African Customs Union (SACU)
<b>Europe</b>
The European Union (EU)
The European Free Trade Association (EFTA)
Union for the Mediterranean (UfM)
<b>Eurasia</b>
Eurasian Economic Union (EAEU)
Commonwealth of Independent States (CIS)
<b>Middle East</b>
Cooperation Council for the Arab States of the Gulf (CCASG)

their objectives, cooperation strategies, and the principles of creating necessary conditions for integration have common patterns.

At the same time, not all integration entities achieve significant results in their development. Most of them are unable to realize the advantages of international economic integration due to the comparatively low development of economic and political relations, weak and structurally undifferentiated national economies, and the immaturity of market and financial structures.

For a long time, European integration completely determined the specifics of regional integration processes and exerted a demonstration effect on other integration associations. However, the success of integration in other regions of the world, as well as the difficulties in the EU itself (the migration and Eurozone crises as well as Brexit) lead to a revision of classical approaches to regional integration and the formation of more open formats of integration, for example, based on the concept of “open regionalism” within the framework of the Asia-Pacific Economic Community (APEC).

Considering the effectiveness of this or that integration entity, it should be noted that in cases of successful implementation of integration, participating countries have a direct and indirect additional effect in the areas of economic development involved in the integration processes, providing additional growth in the economies of member states, accelerating the achievement of national strategic goals, and increasing investment attractiveness.

In the course of development, integration associations also face issues that reduce the real results of integration interaction compared with potential ones. These issues include low levels of economic development; lack of an integration cooperation strategy; unresolved political, territorial and national conflicts between the integrating countries which impede constructive economic interaction; inefficiency or imbalance of the strategy (model); dominating interests of one (or several) states over the interests of other participants; lack of an integration core; and absence or underdevelopment of compensatory mechanisms to reduce economic imbalances or losses arising during the implementation of the strategy (model).

In general, despite the different levels of integration and the degree of economic influence, regional integration entities already play the role of independent actors in the world economy and the system of international relations. It can also be assumed that in the near future, due to the activity of effectively functioning integration entities, microeconomic connections will be an aggregate of macroeconomic groupings (global regions) that take advantage of economic integration in various formats, while the merger of regional integration associations will become the initial stage of global economic integration.

#### **Read more:**

1. Analysis of Integration Cooperation Strategies (models for attaining the full integration potential) of the World's Most Well-Known Integration Associations. Eurasian Economic Commission. Moscow, 2014.

2. Regional Integration Database: Methodology, Composition, and Indicators. Centre for Integration Studies. Saint-Petersburg, 2014. URL: [https://eabr.org/en/analytics/integration-research/cii-reports/regional-integration-database/?sphrase\\_id=8176](https://eabr.org/en/analytics/integration-research/cii-reports/regional-integration-database/?sphrase_id=8176)
3. Eurasian Economic Integration. Centre for Integration Studies. Eurasian Development Bank. Saint-Petersburg, 2017. URL: [https://eabr.org/en/analytics/integration-research/cii-reports/eurasian-economic-integration-2017/?sphrase\\_id=8178](https://eabr.org/en/analytics/integration-research/cii-reports/eurasian-economic-integration-2017/?sphrase_id=8178)
4. Kostyuninna G.M. Integration Processes in the Western Hemisphere. Moscow, 2013.
5. Regional Organizations: Typology and Development Paths. Eurasian Development Bank. Saint-Petersburg, 2016. URL: [https://eabr.org/en/analytics/integration-research/cii-reports/regional-organizations-typology-and-development-paths/?sphrase\\_id=8186](https://eabr.org/en/analytics/integration-research/cii-reports/regional-organizations-typology-and-development-paths/?sphrase_id=8186)
6. Comparative Integration. Practice and Models of Integration in Europe and Pacific Asia. / A. A. Baykov; associate editor A. D. Bogaturov. Moscow: Aspekt Press, 2012.
7. Shishkov Y.V. Integration Processes on the Threshold of the 21st Century: Why are CIS Countries not Integrating? Moscow, 2001.

## Lecture 2. History of Eurasian Economic Integration Development

### 2.1. Theory of Eurasian integration

The concept of “Eurasian integration” is not new when determining the geographical and cultural space in which the EAEU operates today. Classical Eurasianism was established in the 1920s in the works of Russian émigré scientists and philosophers, and its roots lie in the philosophical and cultural tradition of nineteenth-century Russia.

The first eurasianists – N.S. Trubetskoy, G.V. Vernadsky, P.P. Suvchinsky, G.V. Florovsky, and especially P.N. Savitsky – made a significant contribution to the understanding of the role and place of Eurasia as a median continent. After the end of the Second World War, the Eurasian idea was further developed, especially in the works of L.N. Gumilev.

With all the diversity of theoretical approaches and the ideological connotations of the term «Eurasianism», at the present stage, there is new semantic content implied in this concept, the essence of which lies in the formation of a new integration association on the basis of mutual economic interest.

In the autumn of 2011, the idea of Eurasian integration gained a new tone and form of implementation within exact practical initiatives. On October 4, 2011, *Izvestia* published articles by several Eurasian statesmen: V.V. Putin (“A New Integration Project for Eurasia: The future in the Making”),<sup>4</sup> A.G. Lukashenko (“About the Fate of Our Integration”)<sup>5</sup> and N.A. Nazarbayev (“Eurasian Union: From the Idea to the History of the Future”).<sup>6</sup>

A comparative analysis of the publications allows us to identify several common positions of the leaders of EAEU founding countries on the development of Eurasian integration:

1. The key objective of Eurasian integration is the creation of a full-fledged competitive global economic association.
2. The Eurasian Union is not a reconstruction of the USSR, but a modern integration project, pursuing purely economic goals.
3. The Eurasian Union is an open project aimed at cooperating and interacting with key integration initiatives across the Eurasian space.
4. The single economic space is the territory of innovations and significant technological breakthroughs.
5. The creation of the Eurasian Union should be based on wide-ranging public support.

<sup>4</sup> V.V. Putin “A New Integration Project for Eurasia: The Future in the Making” // *Izvestia*. October 3, 2011. URL: <https://iz.ru/news/502761>

<sup>5</sup> A.G. Lukashenko “About the Fate of Our Integration” // *Izvestia*. October 17, 2011. URL: <https://iz.ru/news/504081>

<sup>6</sup> N.A. Nazarbayev “Eurasian Union: From the Idea to the History of the Future” // *Izvestia*. October 25, 2011. URL: <https://iz.ru/news/504908>

The published articles played an important role in the actualization of the idea of Eurasian integration and gave a serious impetus to the processes of its comprehensive analysis and implementation in practice.

## **2.2. Characteristics of integration and disintegration processes in the post-Soviet space in 1990s**

The idea of establishing the Eurasian Union was first voiced by the President of the Republic of Kazakhstan, N.A. Nazarbayev, on March 29, 1994, in his speech addressing the teaching staff and students of Lomonosov Moscow State University.

However, the attempts to create various integration entities in the post-Soviet space were taken right away after the collapse of the Soviet Union. The first was the Commonwealth of Independent States (CIS), which was to replace the USSR and unite all the former Soviet republics except Latvia, Lithuania and Estonia.

The CIS was established on December 8, 1991, by the Agreement on its creation signed by the leaders of the Republic of Belarus, the Russian Federation and Ukraine.

Two weeks later, on December 21, 1991, Alma-Ata hosted a meeting for the heads of eleven sovereign states (except Georgia, which joined the CIS in December 1993, and the Baltic states) to sign the Protocol to this Agreement and adopted the Declaration of Alma-Ata, affirming the adherence of the former union republics to cooperate in various areas of foreign and domestic policy. On January 22, 1993, in Minsk, the CIS summit adopted the Charter of the Commonwealth.

The CIS, within its competence, included all spheres of interaction: economy, security, migration, humanitarian cooperation, sports, tourism, etc. Even after the former Soviet republics obtained independence they still had single systems of energy, transport, communications, information, established schemes of interaction and initially a common currency: the Soviet ruble. Thus, the prerequisites for the restoration of the common economic space were preserved, with the necessary political will of the heads of the new independent republics.

Until the mid 1990s several stages of economic relations of the CIS countries can be established. From December 1991 to autumn 1993 there was a period of disintegration processes. This period is also called the time of “civilized divorce”, when the political elites of the new independent states sought to divide the union inheritance, while business elites tried to maintain former ties on the basis of the single currency. In March 1992, the Agreement on the Customs Union was signed, but it completely failed, and the ruble zone disintegrated.

A new attempt to organize a common economic space was made in the autumn of 1993. On September 24, 1993, the Treaty on Creation of Economic Union was signed for a period of 10 years. The economic union ensured the free movement of goods, services, capital and labor, coordinated monetary, budgetary, tax, price, foreign economic, customs and currency policies, harmonized economic legislation of the participating countries, and created a common statistical base.

A step-by-step integration roadmap was planned: the creation of the Free-Trade Zone, followed by the Customs Union, the Common Market for Goods, Services, Capital and Labor, and the Monetary Union.

The implementation of Article 5 of the Treaty on Creation of Economic Union was the Agreement on the establishment of a free-trade zone as of April 15, 1994. The document provided for the abolition of customs duties, taxes and duties on the movement of goods, the coordination of the list of exemptions from the free trade regime, the creation of a settlement system, the harmonization of trade policy with respect to third countries, and the unification of legislation in the trade sphere. The agreement stipulated that the free-trade zone would be a transition stage to the formation of the Customs Union. The agreement was signed by the heads of all member states of the Commonwealth.

However, despite initial optimism, the actual implementation of the signed agreements was dragged out for many years. Participants could not agree on the list of exemptions from the free trade regime. Integration of all the countries at once proved impossible. By the mid 1990s serious contradictions among the CIS countries became apparent, while the geopolitical struggle between Russia and the United States for leadership in the post-Soviet space intensified. The period starting in 1995 is characterized by “different-speed” and “multi-level” integration amid the formation of sub-regional economic entities (such as CAEC, GUAM, etc.).

Having realized that it would not be possible to build an economic union with the participation of all the CIS countries, the Russian Federation and its partner countries began attempts to create a narrower but more effective union. In 1995, the Russian Federation, the Republic of Belarus, and the Republic of Kazakhstan signed an agreement on the creation of the Customs Union (thereby laying the foundation for the formation of an “integration core”).

In February 1999, five CIS countries – Russia, Belarus, Kazakhstan, Kyrgyzstan – and Tajikistan signed an agreement on the establishment of the Customs Union and the Single Economic Space, which subsequently grew into the Eurasian Economic Community (EurAsEC) which was established in Astana in October 2000, with the same membership. It is noteworthy that the list of states participating in Eurasian integration has not changed significantly since then, and the Eurasian “integration core” has remained unchanged since the mid 1990s.

In September 2003, at the summit in Yalta, Russia, Ukraine, Belarus, and Kazakhstan signed an Agreement on the intention to form a Single Economic Space (SES). However, the agreement remained on paper.

### **2.3. Predecessors of the Eurasian Economic Union – Eurasian Economic Community, Customs Union and Single Economic Space**

The agreement on the establishment of the Eurasian Economic Community was signed on October 10, 2000, in Astana and came into force on May 30, 2001, upon ratification by all member states. EurAsEC’s main objective was the development of economic interaction, trade, effective promotion of the Customs Union and the formation of the Single Economic Space, as well as coordination of actions of the

Community's member states in the course of integration into the global economy and international trading system.

An organizational structure consisting of the Interstate Council, the Integration Committee, the Inter-Parliamentary Assembly, and the Community Court was established in order to achieve the goals and objectives of the EurAsEC Agreement.

In August 2006, the EurAsEC Interstate Council made a policy decision to create the Customs Union within the framework of the Eurasian Economic Community consisting of three states – Belarus, Russia, and Kazakhstan – that were ready for deeper integration. In October 2007, the future CU member states took practical steps and signed the Treaty for Creation of the Common Customs Area, formation of the Customs Union and the main executive institution (the Commission of the Customs Union) which was to implement the decisions of its supreme authorities.

In November 2009, the CU countries approved the key document of the Union: the Customs Code regulating the movement of goods across borders, as well as the amount and procedures ensuring the collection of revenues through customs tariffs and taxes. The Common Customs Tariff (CCT) of the CU (as of January 1, 2010), the Common Commodities Nomenclature of Foreign Economic Activity and other international documents aimed at implementing a single customs and tariff regulation were approved. In July 2010, the Customs Code came into force, and a year later the customs declaration at the borders was completely abolished. Thus, from July 1, 2011, the Customs Union of Russia, Kazakhstan, and Belarus became fully operational.

The next step in the development of the Eurasian integration project was the meeting hosted in Moscow on November 18, 2011, for the Presidents of Belarus, Kazakhstan, and Russia, which resulted in the adoption of the Declaration on Eurasian Economic Integration, the Agreement on the Eurasian Economic Commission (EEC), and the Decision on the EEC Regulations.

On February 2, 2012, the Eurasian Economic Commission (EEC) was launched. It was the first time in the twenty-year history of Eurasian integration that a permanent supranational regulatory body of the Customs Union and SES was established, with real powers in a number of key spheres of the economy.

The next stage of Eurasian integration was the creation of the Single Economic Space of the CU member states. The plan for SES formation was approved in December 2009. In total, 17 basic agreements introduced since January 1, 2012 were concluded within the framework of the SES.

The agreements ensured the coherence of policies in the areas of macroeconomic regulation, finance, monetary policy, investment, competition, regulation of natural monopolies, subsidies to industry and agriculture, public procurement, technical regulation, migration, intellectual property protection, and so forth.

On March 20, 2012, Moscow hosted a meeting of the EurAsEC Interstate Council and the Supreme Eurasian Economic Council. The following issues were discussed in the course of negotiations: increasing the efficiency of the Eurasian

Economic Community and the Eurasian Economic Commission, eliminating duplicated responsibilities, as well as transforming EurAsEC into the Eurasian Economic Union. The President of Russia, D.A. Medvedev, underscored the intention of Belarus, Kazakhstan, and Russia to sign a comprehensive agreement on the formation of the Eurasian Economic Union by January 1, 2015.

The EurAsEC demonstrated the possibility for a more effective economic integration, laid the legislative, legal, and functional framework for Eurasian integration, and continued to exist until the EAEU was launched. On October 10, 2014, the Heads of State signed documents to end EurAsEC activity following the establishment of the Eurasian Economic Union.

#### **2.4. The start of Eurasian Economic Union: objectives and tasks of the EAEU. The signing of the agreement on the EAEU**

In 2013–2014 the Eurasian Economic Commission and the authorized bodies of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation, on behalf of the presidents of their countries, were actively preparing the Treaty on the Eurasian Economic Union (EAEU). During this period, five rounds of negotiations with over 700 experts from member states and SES were held to finalize the main provisions of the draft treaty. As a result, the law text providing for the establishment of the EAEU was developed, totaling over 1,000 pages. With its adoption, the codification of the international treaties constituting the rights of the EAEU marked the new stage in Eurasian integration – transition to a full-fledged economic union.

The most significant event for the development of Eurasian integration took place on May 29, 2014, in Astana, Kazakhstan. A. Lukashenko, N. Nazarbayev, and V. Putin signed the Treaty on the Establishment of the Eurasian Economic Union (EAEU) in the course of the Supreme Eurasian Economic Council meeting.

*“By developing the integration, we are proceeding through a free trade zone – the Customs Union. We will have to show the entire world that our decision is correct. We had very little time to come to today’s decision. Huge amount of work has been done, complicated issues have been solved. Now we have the new document ratified by the parliaments of our states, so that the Union would become effective as of January 1, 2015. The day of May 29 shall become a commemorative date – a Eurasian Integration Day,”* President Nazarbayev said at the EAEU Treaty signing ceremony.

By this Treaty, the parties established the Eurasian Economic Union, ensuring free movement of goods, services, capital and labour within its borders, as well as coordinated, agreed or common policy in the economic sectors. The Union was to be an international organization of regional economic integration with international legal personality. (as defined in Article 1 of the EAEU Treaty).

The Union shall carry out its activities based on the following principles:

- respect for the universally recognized principles of international law, including the principles of sovereign equality of the Member States and their territorial integrity;

- respect for specific features of the political structures of the Member States;
- ensuring mutually beneficial cooperation, equality and respect for the national interests of the Parties;
- respect for the principles of market economy and fair competition;
- ensuring the functioning of the Customs Union without exceptions and limitations after the transition period (Article 3 of the EAEU Treaty).

The main objectives of the Union shall be as follows:

- to create proper conditions for sustainable economic development of the Member States in order to improve the living standards of their population;
- to seek the creation of a common market for goods, services, capital and labour within the Union;
- to ensure comprehensive modernization, cooperation and competitiveness of national economies within the global economy (Article 4 of the EAEU Treaty).

The Treaty on the EAEU provides for the completion of the formation of the Customs Union and the Single Economic Space.

Agreed macroeconomic policy shall be implemented within the Union providing for the development and implementation of joint actions by the Member States aimed at achieving macroeconomic stability and their balanced economic development.

In order to deepen economic integration, the Member States of the Eurasian Economic Union also agreed to coordinate monetary and financial policy, establish a common financial market within the Union, and define the objectives and principles for regulating the financial market, as well as the principles of interaction in taxation.

In order to effectively utilize the potential of the fuel and energy complex of the Member States, as well as to provide national economies with the main types of energy resources (electricity, gas, oil and petroleum products), the Member States shall develop long-term mutually beneficial cooperation in the energy sphere, coordinate energy policy and gradually create common energy markets.

The Union shall also coordinate transport policy aimed at ensuring gradual formation of a common transport space.

Member States agreed on cooperation in industrial policy and on the implementation of a coordinated (agreed) agricultural policy.

Thus, the Treaty provides for a wide range of cooperation and integration: from macroeconomic policies to interaction between business communities of member states. The Union shall have the right to engage in international cooperation with states, international organizations and international integration associations, whether independently or jointly with the Member States (Article 7 of the EAEU Treaty).

The EAEU Treaty is based on calculated economic benefits and mutual benefits, creating wide opportunities for business communities guaranteeing the formation of a dynamic internal market of the EAEU with unified standards and requirements for goods, services, capital and labor.

### **2.5. Enlargement of the Union: accession of the Republic of Armenia and the Kyrgyz Republic to the EAEU and EAEU economic potential**

The Treaty on the EAEU was signed by the leaders of the Russian Federation, the Republic of Belarus and the Republic of Kazakhstan. However, the integration capacity of the Eurasian space was not exhausted.

In 2013, measures were taken to ensure the Kyrgyz Republic joined the process of Eurasian economic integration. In May 2013, the Memorandum on Deepening Cooperation between the Eurasian Economic Commission and the Kyrgyz Republic was signed with a view to supporting and developing cooperation in various sectors of the economy.

The Republic of Armenia was the second state wishing to join the Eurasian integration project. In early September 2013, President Serzh Sargsyan announced the intention of the country to join the CU and the SES, as well as participate in the formation of the Eurasian Economic Union. The «road map» for the accession of the Republic of Armenia to the CU and the SES, and subsequently to the Eurasian Economic Union was approved in late December 2013.

On October 10, 2014, in Minsk, Armenia signed the Treaty on Accession to the Union. The document was adopted at the meeting of the Supreme Eurasian Economic Council. On the same day, the Heads of the EAEU member states approved the “road map” for the accession of the Kyrgyz Republic to the Single Economic Space.

The Treaty on Accession to the Union was signed on December 23, 2014, in Moscow at the next meeting of the Supreme Eurasian Economic Council.

The Eurasian Economic Union became operational on January 1, 2015. On January 2, 2015, on the completion of all ratification procedures, the Republic of Armenia became a full member of the EAEU, on August 12, 2015, the Kyrgyz Republic joined the EAEU. Thus, by the end of 2015 the formation of the EAEU consisting of five Member States was completed.

The creation of the Eurasian Economic Union was the result of the search for a format and areas for mutually beneficial cooperation. In the current economic reality, characterized by the trends of globalization and regionalization, the EAEU Member States took the path of bringing together (“synergizing”) the potentials of national economies for their sustainable development.

At present, the aggregate economic opportunities of the EAEU Member States create broad prospects for strengthening their influence on the development of the world economy.

**Read more:**

1. Library of Eurasian Economic Commission.  
URL: <http://www.eurasiancommission.org/en/Pages/library.aspx>
2. Declaration on Eurasian Economic Integration.  
URL: <http://en.kremlin.ru/events/president/news/13581>
3. Treaty on the Eurasian Economic Union URL: <https://docs.eaeunion.org/ru-ru/Pages/DisplayDocument.aspx?s=bef9c798-3978-42f3-9ef2-d0fb3d53b75f&w=632c7868-4ee2-4b21-bc64-1995328e6ef3&l=540294a6-c3c9-4511-9bf8-aaf5d6e0d169&EntityID=3610>
4. The Legal Basis of Eurasian Economic Integration. List of Key Documents.  
URL: <http://eec.eaeunion.org/ru/nae/news/Pages/22-03-2016-inf.aspx>
5. Eurasian Economic Integration. Facts and Figures. Library of Eurasian Integration. EEC. Moscow, 2016. URL: [http://www.eurasiancommission.org/en/Documents/broshura26\\_ENGL\\_2014.pdf](http://www.eurasiancommission.org/en/Documents/broshura26_ENGL_2014.pdf)
6. History of Eurasian Integration Development in 2010–2015.  
URL: <http://eec.eaeunion.org/ru/nae/news/Pages/20-12-2015-inf.aspx>
7. History of Eurasian Economic Development in 1994–2010.  
URL: <http://eec.eaeunion.org/ru/nae/news/Pages/14-10-2015-inf.aspx>
8. A.G. Lukashenko About the Fate of Our Integration// Izvestia. October 17, 2011.]. URL: <http://www.izvestia.ru/news/504081>
9. N.A. Nazarbayev “Eurasian Union: From the Idea to the History of the Future” // Izvestia. October 25, 2011. URL: <http://izvestia.ru/news/504908>
10. The Report of the Eurasian Economic Commission 2012-2015. EEC. Moscow, 2015.
11. V.V. Putin “A New Integration Project for Eurasia: The Future in the Making” // Izvestia. October 3, 2011. URL: <http://izvestia.ru/news/502761>

## Lecture 3. Bodies of the Eurasian Economic Union

The Treaty on the EAEU determined the Structural Subdivisions of the Union. The permanent bodies of the Union are the Supreme Eurasian Economic Council (Supreme Council); the Eurasian Intergovernmental Council; the Eurasian Economic Commission (Council and Board); and the Court of the Eurasian Economic Union. The next phase is to create a financial regulator by 2025 which will be based in the Republic of Kazakhstan.

### 3.1. The Supreme Eurasian Economic Council

The paramount body of the Union is **the Supreme Council**, which consists of the heads of the Member States. Meetings of the Supreme Council are held at least once a year. In order to solve urgent issues extraordinary meetings of the Supreme Council may be convened. The Supreme Council considers the main issues of the Union's activities, defines the strategy, directions and prospects of integration development, and makes decisions aimed at implementing the objectives of the Union.

Decisions and dispositions of the Supreme Council shall be adopted by consensus. Decisions of the Supreme Council shall be enforced by Member States in the order provided for by their national law.

The meetings of the Supreme Council are chaired by the Chairman of the Supreme Council. Meetings of the Supreme Council may, at the invitation of the Chairman of the Supreme Council, be attended by members of the Council of the Commission, Chairman of the Board of the Commission, and other invited persons.

As of December 1, 2017, the Supreme Eurasian Economic Council currently consists of:

#### Reference Materials:

Sample Decisions of the Supreme Council:

- Decision of the Supreme Eurasian Economic Council No.9 as of April 14, 2017, on the Amendments to Eurasian Economic Commission Work Regulations  
URL: [https://docs.eaeunion.org/docs/ru-ru/01414464/scd\\_17042017](https://docs.eaeunion.org/docs/ru-ru/01414464/scd_17042017)
- Decision of the Supreme Eurasian Economic Council No.7 as of April 14, 2017, on the Main Lines of Macroeconomic Policy of the Eurasian Economic Union Member States for 2017–2018  
URL: [https://docs.eaeunion.org/docs/ru-ru/01414462/scd\\_17042017](https://docs.eaeunion.org/docs/ru-ru/01414462/scd_17042017)

Sample Dispositions of the Supreme Council:

- Disposition of the Supreme Eurasian Economic Council No.5 as of December 26, 2016, on the Implementation of the Key Areas of Integration within Eurasian Economic Union  
URL: [https://docs.eaeunion.org/docs/ru-ru/01414454/sco\\_11042017](https://docs.eaeunion.org/docs/ru-ru/01414454/sco_11042017)
- Disposition of the Supreme Eurasian Economic Council No.6 as of December 26, 2016, on the Development of the Concept of Establishing a Single Financial Market in the Eurasian Economic Union.  
URL: [https://docs.eaeunion.org/docs/ru-ru/01414455/sco\\_11042017](https://docs.eaeunion.org/docs/ru-ru/01414455/sco_11042017)

- 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.

### 3.2. The Eurasian Intergovernmental Council (Intergovernmental Council)

**The Intergovernmental Council** is a body of the Union consisting of the heads of government of the Member States. Meetings of the Intergovernmental Council are held as necessary, but at least twice a year. In order to solve urgent issues of the Union, extraordinary meetings of the Intergovernmental Council may be convened. The Intergovernmental Council ensures implementation and controls the performance of the Treaty on EAEU, international treaties within the Union, and decisions of the Supreme Council

Decisions and dispositions of the Intergovernmental Council shall be adopted by consensus and are executable by Member States in the order provided for by their national law.

As of December 1, 2017, the Intergovernmental Council currently consists of:

- Prime Minister of the Republic of Armenia Karen Karapetyan
- Prime Minister of the Republic of Belarus Andrey Kobyakov
- Prime Minister of the Republic of Kazakhstan Bakytzhan Sagintayev
- Prime Minister of the Kyrgyz Republic Sapar Isakov
- Prime Minister of the Russian Federation Dmitry Medvedev

#### Reference Materials:

Sample Decisions of the Eurasian Intergovernmental Council:

- Decision of the Eurasian Intergovernmental Council No.1 as of May 26, 2017, on the Course of Action of the Eurasian Economic Union Member States Performing Joint Research and Development in Agricultural Sector. URL: [https://docs.eaeunion.org/docs/ru-ru/01414615/icd\\_29052017](https://docs.eaeunion.org/docs/ru-ru/01414615/icd_29052017)
- Decision of the Eurasian Intergovernmental Council No.2 as of August 14, 2017, of the Adoption of the «Road Map» on Implementation of the Key Areas and Stages of Implementation of the Coordinated (Agreed) Transport Policy of the Eurasian Economic Union Member States Regarding Air Transport for 2018–2020. URL: [https://docs.eaeunion.org/docs/ru-ru/01414587/icd\\_15082017\\_2](https://docs.eaeunion.org/docs/ru-ru/01414587/icd_15082017_2)

Sample Dispositions of the Eurasian Intergovernmental Council:

- Disposition of the Eurasian Intergovernmental Council No.5 as of March 7, 2017 to Organize the Preparation of a Temporary Agreement, Leading to the Establishment of a Free-Trade Zone between the Eurasian Economic Union Member States and the Islamic Republic of Iran. URL: [https://docs.eaeunion.org/docs/ru-ru/01413216/ico\\_09032017\\_5](https://docs.eaeunion.org/docs/ru-ru/01413216/ico_09032017_5)
- Disposition of the Eurasian Intergovernmental Council No.7 as of March 7, 2017 on Organizing a Joint Forecast in Agricultural Sector Development, Demand, and Supply across Main Types of Agricultural Production and Food Supply of the Eurasian Economic Union Member States for 2016-2017. URL: [https://docs.eaeunion.org/docs/ru-ru/01413220/ico\\_09032017\\_7](https://docs.eaeunion.org/docs/ru-ru/01413220/ico_09032017_7)

### 3.3. The Eurasian Economic Commission

**The Eurasian Economic Commission** is a permanent governing body of the Union. The Commission is based in Moscow, Russian Federation.

The Commission operates on the basis of the Provisions on the Eurasian Economic Commission (Annex No.1 to the Treaty on the EAEU), and the Eurasian Economic Commission Work Regulations (Decision of the Supreme Eurasian Economic Council as of December 23, 2014 No.98).

The basic objectives of the Commission are to enable the functioning and development of the Union, as well as to develop proposals in the sphere of economic integration within the Union. The Commission carries out its activities ensuring mutual benefit, equality and respect for the national interests of the Member States; economic justification of all decisions adopted; and transparency, publicity and objectivity.

The Commission shall carry out its activities based on the following principles:

- 1) ensuring mutual benefit, equality and respect for the national interests of the Member States;
- 2) economic justification of all decisions adopted;
- 3) transparency, publicity and objectivity.

The Commission interacts with Member States on the formation of a common market for goods, services, capital, and labor, facilitates comprehensive modernization and increasing competitiveness of national economies. The Commission ensures respect for the market economy and fair competition, the functioning of the Union without exceptions and limitations.

The Commission shall, within its powers, ensure the implementation of international treaties, including the principle of equality of Member States, decisions adopted by consensus and the maximum consideration of the national interests and priorities of all participants in Eurasian integration.

The Eurasian Economic Commission consists of the Council of the Commission and the Board of the Commission. The Council of the Commission is composed of one representative from each Member State, the Deputy Head of the Government of the state, duly authorized in accordance with the legislation of the state. Decisions of the Council are adopted by consensus.

The Council of the Commission carries out the general regulation of integration processes in the Union.

As of December 1, 2017, the Council of the Eurasian Economic Commission currently consists of:

- Deputy Prime Minister, Minister of International Economic Integration and Reform of the Republic of Armenia Vache Gabrielyan
- First Deputy Prime Minister of the Republic of Belarus Vasily Matyushevsky
- First Deputy Prime Minister of the Republic of Kazakhstan Askar Mamin

- Deputy Prime Minister of the Kyrgyz Republic Tolkunbek Abdygulov
- First Deputy Prime Minister of the Russian Federation Igor Shuvalov

The Board of the Commission is the executive body of the Commission and is composed of Board members, one of whom is the Chairman of the Board of the Commission. The Board of the Commission is comprised of representatives of the Member States based on the principle of equal representation of the Member States. Decisions of the Commission are taken by a qualified majority or consensus in accordance with the Rules of Procedure of the Eurasian Economic Commission.

Members of the Board of the Commission shall be appointed by the Supreme Council for a term of 4 years with a possible prolongation of powers. 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. Rotation shall be held alternately in the Russian alphabetical order by names of the Member States. Members of the Board of the Commission shall work in the Commission on a permanent basis. When exercising their powers, members of the Board of the Commission shall be independent of all public authorities and officials of the Member States and may not request or receive instructions from government authorities or officials of the Member States.

### **Reference Materials:**

Sample Decisions of the Council of the Eurasian Economic Commission:

- Decision of the Council of the Eurasian Economic Commission No.49 as of August 22, 2017, on the Draft Order of the Eurasian Intergovernmental Council on Holding an Exhibition Forum «Eurasian Week» in 2018-2020». URL: [https://docs.eaeunion.org/docs/ru-ru/01414820/cncd\\_14092017\\_49](https://docs.eaeunion.org/docs/ru-ru/01414820/cncd_14092017_49)
- Decision of the Council of the Eurasian Economic Commission No.46 as of August 22, 2017, on Adopting the Provision on International Forum «Anti-Counterfeit». URL: [https://docs.eaeunion.org/docs/ru-ru/01414811/cncd\\_14092017\\_46](https://docs.eaeunion.org/docs/ru-ru/01414811/cncd_14092017_46)

Sample Dispositions of the Council of the Eurasian Economic Commission:

- Disposition of the Council of the Eurasian Economic Commission No.26 as of August 22, 2017, on Consultations with the State of Israel on Service Trade and Investment Issues. URL: [https://docs.eaeunion.org/docs/ru-ru/01414826/cnco\\_14092017\\_26](https://docs.eaeunion.org/docs/ru-ru/01414826/cnco_14092017_26)
- Disposition of the Council of the Eurasian Economic Commission No.17 as of May 17, 2017, on Development of the Product Labelling System by the Means of Identification in Eurasian Economic Union. URL: [https://docs.eaeunion.org/docs/ru-ru/01414050/cnco\\_29052017\\_17](https://docs.eaeunion.org/docs/ru-ru/01414050/cnco_29052017_17)

Sample Recommendations of the Council of the Eurasian Economic Commission:

- Recommendation of the Council of the Eurasian Economic Commission No.1 as of January 13, 2017, on the Measures to Stimulate the Demand for Agricultural Vehicles and Equipment Produced in the Member States of the Eurasian Economic Union. URL: [https://docs.eaeunion.org/docs/ru-ru/01413129/cncr\\_28022017\\_1](https://docs.eaeunion.org/docs/ru-ru/01413129/cncr_28022017_1)
- Recommendation of the Council of the Eurasian Economic Commission No.2 as of March 3, 2017, on the List of Mutually Beneficial Areas of Cooperation among the Member States of the Eurasian Economic Union Given the Feasibility of Financing the Relevant Projects by the Eurasian Development Bank. URL: [https://docs.eaeunion.org/docs/ru-ru/01414044/cncr\\_26052017\\_2](https://docs.eaeunion.org/docs/ru-ru/01414044/cncr_26052017_2)

The Board of the Commission shall exercise the following functions and powers:

- ensuring the implementation of functions and powers in the field of integration within the Union (including the development and implementation of the main directions of integration);
- implementing decisions and dispositions adopted by the Supreme Council and the Intergovernmental Council and decisions adopted by the Council of the Commission;
- monitoring and controlling the implementation of international treaties which form the Union law and decisions of the Commission as well notifying the Member States of the requirement for their implementation;
- submitting annual progress reports for consideration by the Council of the Commission;
- developing recommendations on issues relating to the formation, functioning and development of the Union;
- preparing expert reports regarding all proposals from the Member States received by the Commission;
- assisting the Member States in the settlement of disputes within the Union before applying to the Court of the Union;
- ensuring representation of the interests of the Commission in courts, including the Court of the Union;
- considering incoming requests to the Commission;
- developing a draft Budget of the Union and draft reports on its implementation, and ensuring implementation of the budget estimates of the Commission;
- drafting international treaties and decisions of the Commission adopted by the Council of the Commission, as well as other documents required for the exercise of powers by the Commission;
- in due course, conducting regulatory impact assessments and preparing annual reports on monitoring of these procedures;
- ensuring the holding of meetings of the Council of the Commission, the Intergovernmental Council, the Supreme Council and auxiliary bodies established in accordance with the Treaty;
- submitting to the Council of the Commission proposals for the withdrawal of privileges and immunities from officials and employees of the Commission;

The Board of the Commission manages the departments of the Commission. In order to implement its tasks and functions the Board of the Commission is entitled to establish advisory bodies under the Board of the Commission, composed of authorized representatives of public authorities of the Member States, as well as representatives of the business community, scientific and non-governmental organizations, and other independent experts.

As of December 1 2017, the Board of the Commission currently consists of (as of December 1, 2017):

- *Chairman of the Board of the Eurasian Economic Commission*  
Tigran Sargsyan
- *Member of the Board – Minister in charge of Integration and Macroeconomics*  
Tatiana Valovaya
- *Member of the Board – Minister in charge of Economy and Financial Policy*  
Timur Zhaksylykov
- *Member of the Board – Minister in charge of Industry and Agriculture*  
Sergey Sidorsky
- *Member of the Board – Minister in charge of Trade*  
Veronika Nikishina
- *Member of the Board – Minister in charge of Technical Regulation*  
Valery Koreshkov
- *Member of the Board – Minister in charge of Customs Cooperation*  
Mukay Kadyrkulov
- *Member of the Board – Minister in charge of Energy and Infrastructure*  
Adamkul Zhunusov
- *Member of the Board – Minister in charge of Competition and Antitrust Regulation* Marat Kusainov
- *Member of the Board – Minister in charge of Internal Markets, Information Support, Information&Communication Technologies* Karine Minasyan

The Commission shall, within its powers, adopt decisions with regulatory and binding effect for the Member States, organizational and administrative dispositions, and non-binding recommendations.

The Commission operates within the powers provided for by the Treaty and international treaties within the Union in the following areas:

- 1) customs tariff and non-tariff regulation;
- 2) customs regulations;
- 3) technical regulations;
- 4) sanitary, veterinary-sanitary and phytosanitary quarantine measures;
- 5) transfer and distribution of import customs duties;
- 6) establishment of trade regimes for third parties;
- 7) statistics of foreign and mutual trade;
- 8) macroeconomic policy;
- 9) competition policy;

- 10) industrial and agricultural subsidies;
- 11) energy policy;
- 12) natural monopolies;
- 13) state and/or municipal procurement;
- 14) mutual trade in services and investments;
- 15) transport and transportation;
- 16) monetary policy;
- 17) intellectual property;
- 18) labour migration;
- 19) financial markets (banking, insurance, the currency market, the securities market);
- 20) other spheres as specified in the Treaty and other international treaties within the Union.

**Sample decisions made by the Board of the Commission in different areas:**

*Customs Regulations*

- On Instructions for filling in the customs declarations and forms of customs declarations;
- On the list of categories of goods that can be subject to the special customs procedure and the conditions for placing them under such a customs procedure.

*Customs Tariff Regulation*

- On the establishment of the import customs duty rate;
- On the establishment of cases and conditions for granting tariff benefits;
- On determining the procedure for tariff benefits application;
- On the establishment of tariff quotas and the distribution of the amount of tariff quotas among the Member States of the Eurasian Economic Union;
- On the establishment of the list of sensitive goods subject to the decision of the Council of the Eurasian Economic Commission on changing the rate of import customs duty;
- Introduction of Single Commodity Nomenclature of Foreign Trade of the Eurasian Economic Union, Common Customs Tariff of the Eurasian Economic Union, and keeping exemption lists from Common Customs Tariff of the Eurasian Economic Union.

*Measures of Internal Market Protection*

- On the application of special protective, anti-dumping, or countervailing measures;

- On the amendment or abolition of a special protective, anti-dumping, or countervailing measure or the non-application of a measure.
- Non-Tariff Regulation
- On introduction, application, extension, and cancellation of unified measures of non-tariff regulation in trade with third countries.

### **Technical Regulations**

- On the list of standards containing the rules and methods of research (tests) and measurements, including the sampling rules necessary for the application and implementation of the technical regulations requirements;
- On the list of standards voluntary application of which results in meeting the requirements of the technical regulations;
- On the transitional provisions of the technical regulations;
- On technological documents regulating information interaction in the course of implementation of the general process “Formation, maintenance, and use of the register of organizations and persons engaged in the production, processing and (or) storage of goods moved from the territory of one Member State of the Eurasian Economic Union to the territory of another Member State of the Eurasian Economic Union” by means of integrated information system of foreign and mutual trade.

### **Sanitary, Veterinary-Sanitary and Phytosanitary Quarantine Measures**

- On the approval of Single Sanitary, Epidemiological, and Hygienic Requirements to Products (Goods) subject to state sanitary and epidemiological supervision (control);
- On the approval of a single form of state registration certificate for products (goods), certifying the conformity of products (goods) with Single Sanitary, Epidemiological, and Hygienic Requirements;
- On the approval of unified veterinary (veterinary and sanitary) requirements;
- On the approval of uniform forms of veterinary certificates;
- On the approval of the order for laboratory provision of phytosanitary quarantine measures.

### **Organizational**

- On the advisory bodies and the adoption of regulations on them.

On some issues, the Board of the Commission makes dispositions. Dispositions are documents of an organizational and administrative nature. They are adopted in case there is a need for the approval of drafts of the Council’s regulations, giving instructions to the Board members or structural units of the Commission

**Sample Dispositions of the Board**

- On the drafts of memoranda on cooperation with the governments of third countries, regional associations;
- On approval of the Methods of Performing Monitoring and Analysis by the Eurasian Economic Commission (for example, in the area of competitiveness of agricultural products);
- On the plans of scientific research;
- On the approval of the programs on cooperation with international organizations;
- On Amending the Composition of the Advisory Committees

**Recommendations** are non-binding. They are adopted in the event it is impossible to make a decision or when a decision is premature, but there is a need for coordination of the actions of the Member States or correction of the actions of the Member States for the purposes of the operability of the Union.

**Sample Recommendations:**

- On the formation of integrated data on foreign and mutual trade in goods;
- On electronic interaction (for example, when presenting an electronic form of a customs receipt)
- On the list of priority areas for cooperation of the Member States of the Eurasian Economic Union (for example, in order to accelerate technological modernization and increase the innovative activity of organizations of Member States, given the applied and fundamental research conducted by Member States)
- On the Procedure for organizing and conducting negotiations and consultations on disputes related to the implementation of coordinated (agreed) policy (for example, agricultural, including the issues of state support for agriculture)

**Powers of the Eurasian Economic Commission**

The Board of the Commission manages the Departments of the Commission, coordinated by Board members, one of whom is the Chairman of the Board of the Commission.

At present, there are 25 departments:

- Organizational Support and Protocol Department;
- Finance Department;
- Legal Department;
- Administrative Department;
- Department for Macroeconomic Policy;
- Statistics Department;
- Department for Integration Advancement;

- Department for Financial Policy;
- Department for Entrepreneurial Development;
- Department for Labor Migration and Social Protection;
- Department for Industrial Policy;
- Department for Agricultural Policy;
- Department for Customs Tariff and Non-Tariff Regulations;
- Department for Internal Market Defense;
- Department for Trade Policy;
- Department for Technical Regulation and Accreditation;
- Department for Sanitary, Phytosanitary, and Veterinary Measures;
- Department for Customs Legislation and Law Enforcement Practice;
- Department for Customs Infrastructures;
- Department for Transport Infrastructure;
- Energy Department;
- Department for Antitrust Regulation;
- Department for Competition and Public Procurement Policy;
- IT Department;
- Domestic Markets Operation Department.

The activities of the Commission are performed in the mode of constant close dialog with key partners.

The first level of the dialog is interstate, forming the effective interaction with national authorized bodies in the process of developing and making decisions.

For this purpose, the Commission creates Advisory Committees on areas of activity (trade, technical regulation, tax policy, transport, etc.). The Committees are already active. The Member States are represented in the Committees by representatives of authorized bodies, representatives of the business community, scientific and public organizations, and independent experts.

The second level of dialogue is the direct interaction of the EEC with the business community of the Member States of the Union and third countries. The objectives are as follows:

- prevention of the establishment of excessive requirements, obligations, prohibitions, and restrictions for business entities in the decisions of the EEC;
- prevention of unreasonable expenses of business entities in connection with the need to comply with the regulatory standards adopted within the Union at the supranational level;

- elimination of barriers to the freedom of movement of goods, services, capital, and labor within the Union;
- development of economic integration within the Union through the unification and harmonization of the legislation of the Member States of the Union, implementation of coordinated, agreed, and unified policies within the Union, and implementation of cooperation projects in industry and agriculture.

The EEC Board has 23 advisory committees on the main areas of competence of the Commission and a number of working groups with Member States' business community representatives as independent experts. At these platforms, business representatives are in direct contact with officials and employees of authorized state bodies and the EEC on issues of protecting the interests of entrepreneurs.

Since April 1, 2015, a procedure for regulatory impact assessment concerning draft decisions of the Commission that may have an impact on business environment has been introduced in EEC work. The procedure is carried out in accordance with the Regulation.

The regulatory impact assessment procedure consists of two stages: the current and final assessment.

At the stage of the current assessment, there is a public discussion of the draft EEC decision held on the official website of the Union for a period of at least 30 calendar days.

At the stage of the final assessment, the core working group of the Commission gives an opinion on regulatory impact assessment of the draft decision of the Commission.

The Advisory Council for the interaction between the Eurasian Economic Commission and EAEU Business Council has been established by the leading business associations of the Member States to discuss the systemic and strategic issues of the development of integration processes within the Union with the business community of the Member States.

### **Decision-Making Process in the Eurasian Economic Commission and in the Eurasian Economic Union**

The organization of the decision-making process of the Eurasian Economic Commission implies close, step-by-step, and coordinated interaction with the parties – profile ministries and departments of the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, and the Russian Federation. This ensures the adoption of elaborate and agreed decisions that take into account the interests and requirements of the parties, as well as best world practices.

The decision-making process is as follows:

The initiative for the adoption of a document is considered at the level of the relevant structural division of the EEC in close cooperation with the representatives of the authorized parties. The relevant structural division of EEC reviews

the initiative and prepares the draft act for further revision at the meeting of the relevant Advisory Committee and sends it to the authorized bodies of the Parties.

The draft act is reviewed and discussed at a relevant Advisory Committee with the participation of EEC representatives and authorized bodies of the Parties. The project then goes to the relevant structural division of EEC and is finalized in line with the recommendations of the Advisory Committee and the positions of the Parties. The procedure for preparing the acts of law of the Union is determined in the Regulation. The draft act is brought to the meeting of the EEC Board and sent to the authorized bodies of the Parties.

After the EEC Board revises the draft at the meeting, either the act of the Board finalizing the issue under consideration or the disposition for the approval of the Council act is adopted, in this case the project is submitted to the EEC Council for consideration. A certified copy of the decision, recommendation, or disposition of the EEC Council is sent to the Ministries of Foreign Affairs and the Government of the Parties.

### **3.4. The Court of the Eurasian Economic Union (the Court of the Union)**

**The Court of the Union** shall be a permanent judicial body of the Union. The Court is based in Minsk, Belarus. The objective of the Court's activities shall be to ensure uniform application by the Member States and bodies of the Union of the Treaty, international treaties within the Union, international treaties of the Union with a third party and decisions of the bodies of the Union. The Court shall resolve disputes arising in connection with the implementation of the Treaty, international treaties within the Union and/or decisions of the bodies of the Union:

#### **at the request of a Member State:**

- on compliance of an international treaty within the Union or its certain provisions with the Treaty;
- on observance by another Member State (or other Member States) of the Treaty, international treaties within the Union and/or decisions of the bodies of the Union, as well as certain provisions of these international treaties and/or decisions;
- on compliance of a decision of the Commission or its certain provisions with the Treaty, international treaties within the Union and/or decisions of the bodies of the Union;
- on challenging actions (omissions) of the Commission;

#### **at the request of a business entity:**

- on compliance of a decision of the Commission or its certain provisions directly affecting the rights and legitimate interests of the economic entity in the sphere of business and other economic activities with the Treaty and/or international treaties within the Union, if such a decision or its certain provisions entailed a violation of any rights and legitimate interests of the economic entity envisaged by the Treaty and/or international treaties within the Union;

- on challenging actions (omissions) of the Commission directly affecting the rights and legitimate interests of the economic entity in the sphere of business and other economic activities, if such actions (omissions) entailed a violation of any rights and legitimate interests of the economic entity envisaged by the Treaty and/or international treaties within the Union.

In addition, the Member States may include in the jurisdiction of the Court any other disputes, the resolution of which by the Court is expressly provided for by the Treaty, international treaties within the Union, international treaties of the Union with a third party or other international treaties between the Member States.

Any dispute may be accepted for examination by the Court only following a prior appeal of an applicant to a Member State or the Commission to address the issue in the pretrial order through consultation, negotiation or other means. If within three months no steps were taken towards pretrial resolution of the issue, the application on resolution of the dispute may be referred to the Court.

At the request of a Member State or a body of the Union, the Court shall provide clarifications to provisions of the Treaty, international treaties within the Union and decisions of the bodies of the Union and, at the request of employees and officials of the bodies of the Union and the Court, to provisions of the Treaty, international treaties within the Union and decisions of the bodies of the Union regarding labour relations.

Providing clarifications by the Court shall mean providing an advisory opinion and shall not deprive the Member States of the right for joint interpretation of international treaties.

Having reviewed the disputes at the request of a Member State the Court issues a decision that shall be binding on the parties to the dispute. Having reviewed the disputes at the request of a business entity the Court issues a decision that shall be binding on and enforceable by the Commission. The Court consists of two judges from each member state, appointed to the Court of the Union by the Supreme Council on the recommendation of the Member States for a period of nine years. The Court examines cases when composed of the Grand Panel of the Court, the Panel of the Court and the Appeals Chamber of the Court.

#### **Read more:**

1. Opinion: Chairman of the Board of the Eurasian Economic Commission Tigran Sargsyan on EAEU Activity. URL: <http://eec.eaeunion.org/ru/nae/video/Pages/default.aspx?videoid=326>
2. Treaty on the Eurasian Economic Union. URL: [https://docs.eaeunion.org/docs/ru-ru/0043610/itia\\_05062014](https://docs.eaeunion.org/docs/ru-ru/0043610/itia_05062014)
3. Eurasian Economic Integration: Facts and Figures. Library of Eurasian Integration. EEC. Moscow, 2017.
4. Eurasian Economic Union: New Reality. New Opportunities / edited by T.D. Valovaya. Moscow, 2017.

5. Institutions of Eurasian Economic Integration.  
URL: <http://eec.eaeunion.org/ru/nae/news/Pages/11-04-2016-inf.aspx>
6. Report of the Eurasian Economic Commission 2012-2015. Expanding the Opportunities. EEC. Moscow, 2015.
7. Decision-Making Process in the Eurasian Economic Commission.  
URL: <http://eec.eaeunion.org/ru/nae/news/Pages/16-05-2014-5.aspx>

## Lecture 4. Law, Categories, and Definitions of Eurasian Economic Union

### 4.1. Treaty on the Eurasian Economic Union

The Treaty on the Eurasian Economic Union was signed on May 29, 2014, at a meeting of the Supreme Eurasian Economic Council in Astana (Republic of Kazakhstan) and became effective on January 1, 2015. This Treaty provides legal and regulatory framework for the EAEU. The Treaty consists of 4 parts, which include 28 sections, 118 articles, and 33 annexes.

During the development of the Treaty on the EAEU, the codification of the legal basis of the CU and CES was carried out. The provisions of the Treaty are fully in line with WTO norms and rules.

The structure of the Treaty is both institutional and functional. The institutional part defines the strategic goals and objectives of Eurasian integration, the legal status of the EAEU, the basic principles and law, the organizational structure, the competence of the bodies of the EAEU, and the procedure for the formation of the budget. The functional part regulates the mechanisms of economic interaction between the Member States and the bodies of the EAEU, determines the strategies for the development of the sectoral areas of Eurasian integration, cooperation in the field of migration, competition, consumer protection, determines the coordination of activities in the areas of electricity, gas, oil and petroleum products, and in other areas.

The Treaty defines the freedom of movement of goods, services, capital and labor, a coordinated, agreed, or unified policy in the sectors of the economy defined by the Treaty and international agreements within the Union.

The Eurasian Economic Union is based on the following principles: sovereign equality of the Member States and their territorial integrity; respect for specific features of the political structures of the Member States; ensuring mutually beneficial cooperation, respect for the principles of market economy and fair competition, functioning of the Union internal market.

The following norms have been introduced: correlation of the Treaty on the Union with other international agreements of the Member States, its registration with the UN Secretariat, provisions on accession to and withdrawal from the Treaty, as well as provisions on observers at the Union.

The Agreement specifies the organizational structure of the EAEU, the functions and principles of the permanent bodies, as well as the decision-making system, built on a collective basis.

For the purposes of the Treaty, the terms below have the following meanings:

- “common (single) market” means a set of economic relations within the Union ensuring the freedom of movement of goods, services, capital and labour;
- “common policy” means the policy implemented by the Member States in certain spheres as specified in this Treaty and envisaging the application

of unified legal regulations by the Member States, including on the basis of decisions issued by bodies of the Union within their powers;

- “agreed policy” means policy implemented by the Member States in various areas suggesting the harmonization of legal regulations, including on the basis of decisions of the bodies of the Union, to the extent required to achieve the objectives of the Union under this Treaty;
- “coordinated policy” means policy implying the cooperation between the Member States on the basis of common approaches approved within bodies of the Union and required to achieve the objectives of the Union under this Treaty;
- “most favored nation treatment” (MFN) shall be provided for by international treaties of the Union with a third party, as well as by international treaties of the Member States with a third party, under which each of the contracting parties grants to the other party no less favorable conditions in the field of economic, commercial, and other relations, as it provides or will provide in the future to any third state. MFN is established on a reciprocal basis by concluding multi- and bilateral international treaties.

This Treaty may be amended and supplemented in the form of protocols which shall form an integral part of this Treaty. (Article 115, Amendments to the Treaty).

#### **4.2. The Law of the Eurasian Economic Union**

The Law of the Union shall consist of the following:

- Treaty on the Eurasian Economic Union;
- international treaties within the Union;
- international treaties of the Union with a third party;
- decisions and dispositions of the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council, and the Eurasian Economic Commission adopted within the powers provided for by this Treaty and international treaties within the Union (“decision” means a regulatory document enacted by the bodies of the Union; “disposition” means an organizational and administrative document enacted by the bodies of the Union).
- decisions and dispositions of the Union shall not be inconsistent with this Treaty and international treaties within the Union.
- decisions of the Supreme Eurasian Economic Council and Eurasian Intergovernmental Council shall be enforceable by the Member States in the procedure provided for by their national legislation.

In case of conflict between decisions of the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council, or the Eurasian Economic Commission:

- decisions of the Supreme Eurasian Economic Council shall prevail over decisions of the Eurasian Intergovernmental Council and the Eurasian Economic Commission;
- decisions of the Eurasian Intergovernmental Council shall prevail over decisions of the Eurasian Economic Commission.

**Read more:**

1. EAEU Legal Portal / CU and EEC Documents  
URL: <https://docs.eaeunion.org/en-us>
2. Treaty on the Eurasian Economic Union [e-version].  
URL: [https://docs.eaeunion.org/docs/ru-ru/0043610/itia\\_05062014](https://docs.eaeunion.org/docs/ru-ru/0043610/itia_05062014)
3. Eurasian Economic Integration: Facts and Figures. Library of Eurasian Integration. EEC. Moscow, 2017.

## Lecture 5. Main Lines of Cooperation within the EAEU

### 5.1. Formats and degree of integration in the Eurasian Economic Union

The Eurasian Economic Union Member States co-operate and integrate to the extent and in the spheres defined by the Treaty on the Eurasian Economic Union. The Eurasian Economic Union is a deeper level of integration than a Free Trade Zone or a Customs Union. The Economic Union implies **free movement of goods, services, capital and labor**, and the coordinated, coherent, unified policy in the areas defined by the Treaty.

Integration Format	EAEU	Reference to EU
<b>Common Policy</b>		
Unified Policy (EAEU) / Exclusive Competence (EU)	There is no language about common policy in the Treaty on the Union, that is, none of the spheres of cooperation is stated as “unified policy”. At the same time, terms like unified measures (non-tariff regulation with third countries), a single regime (single customs tariff), unified rules (state support for agriculture by the list of goods) and single (customs) territory apply to a number of spheres in the Treaty on the Union. All of them, in fact, are elements of a unified policy.	<ul style="list-style-type: none"> <li>• Customs Union;</li> <li>• establishment of competition rules necessary for the internal market functioning;</li> <li>• monetary policy in respect to the Member States whose monetary unit is Euro;</li> <li>• marine biological resources conservation in the framework of the overall fisheries policy;</li> <li>• common commercial policy;</li> <li>• conclusion of international agreements.</li> </ul>
Single Territory, Space	<u>Customs</u> <ul style="list-style-type: none"> <li>• unified customs territory of the customs union</li> </ul> <u>Transport</u> <ul style="list-style-type: none"> <li>• single transport space</li> </ul>	
Uniform Measures	<u>Trade</u> <ul style="list-style-type: none"> <li>• unified measures to regulate foreign trade with a third party</li> </ul>	
Single Regime	<u>Customs</u> <ul style="list-style-type: none"> <li>• single customs tariff</li> </ul> <u>Trade</u> <ul style="list-style-type: none"> <li>• unified measures to regulate foreign trade with a third party</li> </ul>	
Unified Rules	<u>Customs</u> <ul style="list-style-type: none"> <li>• uniform rules for determining the origin of goods imported into the customs territory of the Union</li> <li>• Sanitary and Phytosanitary Standards (SPSs)</li> <li>• uniform sanitary, epidemiological, and hygienic requirements and procedures</li> <li>• unified requirements for the implementation of state sanitary and epidemiological supervision (control) at the customs border of the Union and the customs territory of the Union</li> <li>• unified technical regulations</li> <li>• unified veterinary (veterinary and sanitary) requirements</li> <li>• uniform requirements for the implementation of veterinary control at the customs border of the Union and on the customs territory of the Union</li> </ul>	

Integration Format	EAEU	Reference to EU
	<ul style="list-style-type: none"> <li>• single quarantine phytosanitary requirements</li> <li>• unified requirements for the implementation of quarantine phytosanitary control (supervision) at the customs border of the Union and in the customs territory of the Union.</li> </ul> <p><u>Industry, Agriculture</u></p> <ul style="list-style-type: none"> <li>• unified rules for granting subsidies for industrial goods and agricultural products;</li> <li>• uniform requirements in the sphere of production and circulation of agricultural products and food</li> </ul> <p><u>Medicines</u></p> <ul style="list-style-type: none"> <li>• unified principles and rules for the circulation of medical items (medical devices and medical equipment)</li> </ul> <p><u>Oil, gas, electric energy</u></p> <ul style="list-style-type: none"> <li>• unified rules for access to services of natural monopolies in the electricity sector</li> <li>• unified rules for access to gas transportation systems</li> <li>• unified rules for access to oil and petroleum products transportation systems</li> </ul>	
<b>Common (Single) Market</b>		
Common (Single) Market	<ul style="list-style-type: none"> <li>• single market of goods, services, capital and labor</li> <li>• common market of medicines and medical products</li> <li>• common agrarian market</li> <li>• common electricity market</li> <li>• common gas market</li> <li>• common oil and oil products market</li> <li>• common financial market</li> </ul>	<ul style="list-style-type: none"> <li>• single market of goods, services, capital and labor</li> <li>• single digital market</li> </ul>
<b>Agreed Policy</b>		
Agreed Policy (EAEU)/ Joint Competence (EU)	<p><u>Informatization</u></p> <ul style="list-style-type: none"> <li>• agreed policy in the area of information and information technologies</li> <li>• agreed policy in ensuring the uniformity of measurements within the Union</li> </ul> <p><u>SPSs</u></p> <ul style="list-style-type: none"> <li>• agreed policy in the area of application of sanitary, veterinary-sanitary, and phytosanitary quarantine measures</li> </ul> <p><u>Consumer Rights</u></p> <ul style="list-style-type: none"> <li>• agreed policy in the area of consumer protection</li> </ul> <p><u>Macro and Financial Markets, Monetary Policy</u></p> <ul style="list-style-type: none"> <li>• agreed macroeconomic policy</li> <li>• agreed monetary policy</li> </ul>	<ul style="list-style-type: none"> <li>• domestic market;</li> <li>• social policy in relation to the aspects defined in the Treaty;</li> <li>• economic, social and territorial cohesion;</li> <li>• agriculture and fisheries, with the exception of conservation of marine biological resources;</li> <li>• environment;</li> <li>• consumer protection;</li> <li>• transport;</li> <li>• trans-European networks;</li> </ul>

Integration Format	EAEU	Reference to EU
	<ul style="list-style-type: none"> <li>agreed regulation of financial markets</li> </ul> <p><u>Competition</u></p> <ul style="list-style-type: none"> <li>agreed competition (anti-monopoly) policy</li> </ul> <p><u>Transport</u></p> <ul style="list-style-type: none"> <li>agreed (coordinated) transport policy</li> </ul> <p><u>Agriculture</u></p> <ul style="list-style-type: none"> <li>agreed (coordinated) agricultural policy</li> </ul> <p><u>Intellectual Property</u></p> <ul style="list-style-type: none"> <li>harmonization of the legislation of the Member States in the area of protection of intellectual property rights</li> </ul> <p><u>Labor Migration</u></p> <ul style="list-style-type: none"> <li>coordination of labor migration policy within the Union</li> </ul>	<ul style="list-style-type: none"> <li>power engineering;</li> <li>space of freedom, security, and justice;</li> <li>general health security issues in relation to the aspects defined in the Treaty on the Functioning of the European Union;</li> <li>scientific research and technological development space</li> <li>cooperation in support of development and humanitarian assistance.</li> </ul>
Joint Measures	<ul style="list-style-type: none"> <li>joint measures to promote the export of goods of Member States to the markets of third parties</li> </ul>	
Harmonization	<ul style="list-style-type: none"> <li>harmonization of legislation with respect to taxes that affect mutual trade</li> </ul>	
<b>Coordinated Policy</b>		
Coordinated Policy	<ul style="list-style-type: none"> <li>coordinated energy policy</li> <li>coordinated industrial policy</li> <li>coordinated (agreed) transport policy</li> <li>agreed (coordinated) agricultural policy</li> </ul>	<ul style="list-style-type: none"> <li>protection and improvement of people's health;</li> <li>industry;</li> <li>culture;</li> <li>tourism;</li> </ul>
Coordinated Measures	<ul style="list-style-type: none"> <li>coordinated actions to prevent and suppress the turnover of counterfeit products</li> </ul>	<ul style="list-style-type: none"> <li>education, vocational training, youth, and sports;</li> </ul>
Coordination	<ul style="list-style-type: none"> <li>coordination of information communication</li> <li>coordination in the area of trade in services with third parties</li> <li>coordination of exchange rate policy</li> <li>coordination of actions for the prevention, detection, and suppression of violations of intellectual property rights in the territories of Member States</li> </ul>	<ul style="list-style-type: none"> <li>civil defense;</li> <li>administrative cooperation.</li> </ul>
<b>Most Favored Nation Treatment</b>		
Most Favored Nation Treatment	<ul style="list-style-type: none"> <li>trade in services, institutions and activity of people of other Member States</li> <li>national treatment in the area of procurement</li> </ul>	

## 5.2. Common (single) markets

**Single market of goods.**<sup>7</sup> The state of mutual trade and foreign trade relations is the most important indicator of the development of integration processes in the Eurasian Economic Union. The scale and structure of the free exchange of goods produced by the members indicate the intensity of mutual economic interaction, as well as the advantages and disadvantages of creating single economic space.

A single commodity market with some exemptions appeared in the Eurasian space with the creation of the Customs Union, on January 1, 2010. The *Customs Union (CU)* is primarily a single market for goods, which employs the norms of the unified Customs Code, the Common Customs Tariff, the system of protective measures for the internal market, a unified system of foreign trade and customs regulation and a single legal environment in the area of technical regulation; customs duties and economic restrictions are not applied.

Thus, the key areas of integration within the Customs Union were customs cooperation, trade and technical regulation. The main tasks that were being solved by the states included the development of a single legal environment in key areas of work and conditions to initiate harmonization of the national legislations of the Member States in the rest of the activities shifted from the national to the supranational level.

In addition, on July 1, 2010, the Commission of the Customs Union was given power to conduct investigations and other procedural actions preceding the introduction of special protective, anti-dumping, and countervailing measures in the single customs territory of the Customs Union with respect to goods originating from foreign countries. From 2011 to the present time, the Commission conducted and completed 31 investigations (of which seven were repeated). According to their results, the Eurasian Economic Commission (EEC) introduced seven special protective measures to limit the serious damage caused by increased imports to the customs territory of the Union and 20 anti-dumping measures aimed at eliminating the damage to industries caused by unfair competition of foreign suppliers. At the end of June 2017, there were six anti-dumping investigations (four of which repeated). On July 6, 2010, the Customs Code of the Customs Union entered into force.

Three countries started using a unified regulatory system in this area. Relevant standard-setting texts on customs administration, including unified rules for declaring goods, payment of customs duties, and unified customs procedures were adopted. Uniform rules for determining the customs value and the country of origin of goods were applied. A system of information and analytical support for customs tariff and non-tariff regulation was created. Due to this, the number of documents required for registration of customs declarations was significantly reduced. Common rules for declaring goods in the CU were formulated for business structures. The process of submitting documents became more transpar-

<sup>7</sup> The principle of free movement of goods provides for the removal of exemptions from the free trade regime, the lifting of restrictions in mutual trade on the basis of unification of customs tariffs, and the formation of a common customs tariff, as well as measures of non-tariff regulation.

ent, uniform and convenient for the parties involved in international trade. An information reference checklist to cross the external border of the Customs Union was approved with the purpose of increasing the efficiency of the activities of the customs authorities; preliminary provision of information on goods imported by road and rail became mandatory. A similar solution for goods transported by air was prepared.

This stage of integration was marked by the maintenance of customs statistics of foreign and mutual trade of the Member States, with a unified statistical portal being created on ten symbols of the Single Commodity Nomenclature of Foreign Economic Activity of the Eurasian Economic Union (CN of FEA EAEU). This enabled a detailed picture of the structure of export/import transactions. As a result, the business communities of the Member States were able to quickly monitor the actions of unscrupulous foreign competitors, providing the Commission with strong arguments for conducting the relevant investigations.

The mutual trade within the CU was run according to the procedure of collecting indirect taxes. Electronic document management between the tax authorities of the three states was formed to exchange information on the amount of indirect taxes paid.

The Agreement on the Establishment and Application of the Procedure for the Remittance and Distribution of Import Customs Duties (Other Duties, Taxes and Fees Having Equivalent Effect), came into force. In accordance with the Agreement, import customs duties, paid on the territory of the Member State were distributed among the budgets of the countries of the Union according to the established standards.

On July 1, 2011, the customs controls at the internal borders between Belarus, Kazakhstan and Russia were completely removed. All types of control and clearance were transferred to the external border of the CU. The formation of a single customs territory was completed. Goods and vehicles made in the countries of the Customs Union and third countries could move freely when being produced for domestic consumption in the territory of any Member State within the single customs territory.

Later, the principle of free movement of goods was also affirmed in Article 28 of the Treaty on the EAEU as of May 29, 2014. "Within the functioning of the internal market, the Member States shall not apply import and export customs duties (other duties, taxes and fees having equivalent effect), non-tariff regulatory measures, safeguard, anti-dumping and countervailing measures in mutual trade, except as provided for by this Treaty."

**Single market of services.** Within the framework of the Treaty on the Eurasian Economic Union, the creation of a *single market of services* was envisioned from January 1, 2015. The single market of services was supposed to be created in 43 significant sectors of the economy, which constitute about 50% of the volume of services produced by the Member States. The list of such service sectors was approved by the Decision of the Supreme Eurasian Economic Council No.110 as of December 23, 2014.

During the transition period and in the course of liberalization, other service sectors should join the single services market (21 service sectors equal to 10% of the volume of services produced by the EAEU Member States), the list having been approved by the Decision of the Supreme Eurasian Economic Council No.30 as of October 16, 2015.

Liberalization affects such areas as construction, engineering, urban planning, rental and leasing of leisure watercraft without an operator, real estate and property valuation services, surveying satellite imagery, cartography, weather and meteorology, advertising, tourism, production and demonstration of movies and video films and scientific research.

The main advantages of single market of services include: exemption from re-establishment as a legal entity, recognition of licenses and other permits and recognition of personnel qualifications. The successful functioning of the single market of services will become a powerful stimulus for the economic growth of the Member States of the Union, the activation of business and creation of jobs.

To ensure freedom of trade in services, incorporation and activities, as well as their liberalization, as of December 26, 2016 the Decision No.24 of the Supreme Eurasian Economic Council approved the Regulatory Rules for trade in services, incorporation and activities within the Union, led by the principle of optimizing internal regulation, including the elimination of redundancy, and taking into account the best international practice and the best national practices of the countries of the Union.

The Rules establish such principles of regulation as legality, transparency, proportionality and certainty of regulation.

The rules cover the three most important stages in the process of state regulation of business, characteristic of any service sector or activity, namely:

- imposing on entrepreneurs mandatory compliance with the requirements established in regulatory legal acts;
- application of permissive or notification procedures, and
- control and supervision of business activities.

In accordance with the Rules, the processes of any regulation of a business life cycle must be realized through:

- preliminary publication of draft legal acts and holding a public discussion;
- introduction of a procedure for assessing the regulatory impact on draft regulatory legal acts;
- establishment of a single and stable list of permits and notifications for all types of services, activities and actions in legislation;
- ensuring the accessibility of the adopted legal acts;
- furnishing of explanations of the provisions of the adopted legal acts to all interested parties;

- transparency and certainty of all existing permissions and notifications in the state;
- distribution of types of entrepreneurial activity according to the levels of risk and degree of danger;
- use of the principle “silence gives consent”, in the event that the regulator did not issue a permit or a conscientious objection to issue a permit on time;
- introduction of a risk-oriented approach in the conduct of control (supervisory) procedures;
- establishing responsibility of the relevant officials for violating the terms of issuing the permit.

In accordance with the norms of the Rules, their provisions are subject to execution by the countries of the Union, and also should be applied by EEC within the framework of the powers provided for in the Treaty on the EAEU, other international treaties, and acts constituting the rights of the Union.

The application of the Rules will eliminate legal uncertainty, reduce unjustified barriers for business entities and increase the investment attractiveness of the countries of the Union.

**Single labor market.**<sup>8</sup> One of the most important tasks for the functionalization of the Eurasian Economic Union is the formation of a single labor market, elimination of barriers to the free movement of labor, cooperation on the harmonization of policies in the area of labor migration regulation, and the creation of employment conditions for the population. In order to develop proposals on the approximation of legislations of the Member States in the area of labor migration, ensuring the free movement of citizens within the Union and the interaction of the authorized bodies of the EAEU countries in protecting the rights of workers and their families, the Advisory Committee on Migration Policy under the EEC Board meetings are held on the ongoing basis.

Within the framework of the Advisory Committee on Social Affairs, Observance of Pension Rights, Provision of Medical Support and Professional Activities of the Working Population of the Eurasian Economic Union Member States, the Board of the Commission is working to establish mechanisms to coordinate the integration processes among Member States in the social sphere. Steps are currently being taken to harmonize legislation, monitor the analysis of the national legislation and law enforcement practice in the social sphere of the Member States.

Nationals of Member States entering the territory of another Member State for employment, as well as their family members, shall be exempt from the obligation to register within 30 days from the date of entry (when entering by document suitable for affixing marks of border control authorities on crossing the state border).

<sup>8</sup> The principle of ensuring free movement of the workforce implies ensuring the unimpeded movement of individuals of the Member States within the EAEU framework and the development of a coordinated migration policy towards third countries, taking the norms and principles of international law and the WTO into account.

The period of temporary stay on the territory of the state of employment for citizens and members of their families is determined by the term of validity of the concluded labor (civil) contract.

At the moment, citizens of Member States do not need permits for labor activity in any of these countries. The restrictions established by the legislation of Member States for the protection of the national labor markets are not applied in their respect.

Migrant workers are given the opportunity to work not only under labor, but also under civil-law contracts. This greatly enhances job opportunities.

The labor (insurance) experience of the working population of Member States, acquired in the territory of the state of employment, is included in their total labor (insurance) experience in accordance with the legislation of the state of employment.

Migrant workers and members of their families have access to free-of-charge urgent medical care (emergency and intensive care), regardless of the availability (or absence) of medical insurance policy, and the right to medical evacuation in order to save and preserve health. Reimbursement of costs is carried out at the expense of the budget of the state of employment.

The agenda of the EEC includes development of the Agreement on the Employee Pension Insurance Scheme for workers coming from the Member States. On the basis of this Agreement, citizens of the EAEU will be able to fully form and implement pension rights acquired in the course of labor activity in the territory of any EAEU state. According to the EEC official website, the adoption of the document is expected in 2018.

In addition, negotiations are underway to abolish restrictions for the citizens of Member States to work in the flight crew of the Member States' civil aircraft.

Currently, workers of a Member State applying for employment in educational, legal, medical or pharmaceutical spheres in another Member State shall undergo the procedure of recognition of education certificates determined by the legislation of the state of employment, akin to the recognition of documents on scientific and academic degrees.

As a result of the implementation of the provisions of the Treaty on the EAEU and subsequent agreements in this area, citizens of the Member States and their family members shall be ensured on the same conditions and in the same manner as those of the nationals of the state of employment in terms of social guarantees, including free medical care, retention of employment, direct recognition of education documents and pensions.

**Financial market** is the most important sphere of interaction among the participants of any integration association and at the same time the most sensitive sphere of national interests for each state.

Within the framework of the Treaty on the EAEU, it is envisioned to establish a common financial market within the Union and to ensure agreed regulation of

the financial markets of the Member States. Preliminary preparatory work is currently under way. In particular, the Concept for the establishment of the common financial market of the EAEU is being prepared and the issues of harmonization and unification of the legislation of the Member States in the sphere of financial markets are being considered.

The Member States signed and ratified the Agreement on the Information Exchange, including confidential information, in the banking sector, insurance sector, and the services sector of the securities market. The Agreement establishes measures aimed at ensuring information exchange, using information and communication technologies and the transboundary space of trust within the Union. The agreement also defines relations that arise within the framework of interaction between the authorized bodies of one Member State for the exchange of information, including confidential information, with authorized bodies of another Member State.

In addition, the Parties developed a draft Agreement on the harmonization of legislation of the Member States on financial markets, which defines the areas and the order of harmonization of the legislation of Member States in the financial market. Harmonization of specific requirements for the implementation of activities in the financial markets of Member States should be carried out, provided that the remaining differences will not impede the effective functioning of the common financial market. The agreement provides for the development of a plan for harmonization of the legislation of the Member States in the financial market. This document will in fact become a “road map” for convergence of the norms and requirements provided for by the national legislation of the Member States in the financial sphere.

These agreements will serve to strengthen mutual trade and investment cooperation and will contribute to the creation of a common financial market based on the principles of equality and mutual benefit, taking into account the economic interests of each state of the EAEU.

At the same time, despite the large amount of work done, the creation of a common financial market and the free movement of capital are a long-term task. This will not be possible before 2025.

**Single stock exchange space** is one of the key dimensions for the creation of the common financial market of the Eurasian Economic Union.

It is a set of interrelated inter-state agreements that harmonize national legislation in the sphere of exchange markets regulation and provide the opening of borders for transboundary trade in funds, securities and derivative financial instruments.

Currently, the draft Roadmap for the establishment of a single stock exchange space is being prepared, which includes the development and implementation of logically interrelated blocks necessary for the effective functioning of stock trading.

As a starting element in the formation of the Single Stock Exchange Space, a draft Agreement on the admission of brokers and dealers of one Member State to

the exchanges (organizers of trade) of other Member States has been developed, providing for admission without additional registration (licensing) of brokers and dealers to national exchanges of the EAEU states.

This procedure will give the right to the national exchanges to recognize the licenses of brokers and dealers issued by the authorized agency of the EAEU state and provide them with the opportunity to directly participate in trading for the purchase and sale of securities and financial instruments.

In order to harmonize the procedures for mutual recognition of securities issues and securing issuance and trading operations with securities and financial instruments, a draft Agreement on mutual admission to public offering and circulation of securities on exchanges in the states of the Eurasian Economic Union is being developed.

Mutual recognition of securities issues and their admission to exchange trade also necessitates the provision of a complete, reliable and standardized electronic format for disclosing information on issuers, securities, exchanges and intermediaries and unifying the requirements for transfer channels. To solve this issue, it is planned to develop a draft Agreement on an integrated system for disclosing information on issuers, securities, and intermediaries in the single financial market of the EAEU.

In addition, exchange integration predetermines the need for centralization and mutual integration of payment systems for securities and the formation of a single settlement and depository cluster. To this end, the draft Agreement on Clearing Activities and the Central Depository will be developed. The national legislations of the Member States should implement harmonized regulations on clearing in a regulated market that comply with best international standards.

The single exchange space will foster the EAEU to become one of the key elements of the global financial market, ensuring the inflow of world finance to national economies.

**Market of auditing services. Reporting and accounting market.**<sup>9</sup> The Eurasian Economic Commission has started developing a supranational regulatory legal framework that will create a single market for audit services on the territory of the Eurasian Economic Union. In the course of liberalization of the single market of services in the area of auditing, reporting and accounting the Department for Financial Policy of the EEC prepared a draft agreement on auditing activities in the territory of the EAEU, the adoption of which should help to abolish barriers to the implementation of audit activities by organizations.

According to EEC statistics, as of January 1, 2016, the number of audit organizations and individual auditors in the territory of the EAEU amounted to 5.9 thousand units (of which 5.1 thousand operate in Russia), and the total value of audit services rendered in 2015 amounted to about USD 871.1 million.

<sup>9</sup> The market of audit services and accounting entails harmonization of the relevant regulatory framework of the EAEU Member States, including the application of international financial reporting standards, the creation of unified requirements for audit service providers, and having auditors and audit organizations implement their activities freely and without restrictions in the entire Union.

However, at this stage, the audit activity is regulated only by the national legislations of the Member States, and each state has different requirements for audit organizations and auditors. The absence of unified requirements for audit market participants, the lack of legislative basis for the recognition of qualification certificates of auditors and audit reports in some Member States, the need for licensing audit activities in each of the states where such activities are to be licensed – these and other barriers hold back the development of the market for audit services.

The creation of a legal framework for the formation of a single market for audit services in the EAEU territory will harmonize the legislation in this area, create unified requirements for providers of audit services and allow auditors and audit organizations to carry out auditing activities throughout the Union freely and without restrictions, as qualification certificates and the reports of auditors will have equal legal force throughout the entire territory of the EAEU. In addition, the Agreement will oblige audit organizations that carry out mandatory audit to post the necessary information on official Internet sites.

In accordance with the draft of the Liberalization Plan, the single market of audit services of the Union will be operational from January 1, 2022. The launch of the unified services market in the area of reporting and accounting is scheduled for 2021.

**Common electric power market of the Union. Common gas market of the Union. Common markets for oil and petroleum products of the Union.**<sup>10</sup> The Treaty on the EAEU contains articles which include provisions on the formation of the common electric power market of the Union, the common gas market of the Union and the common markets for oil and petroleum products of the Union. Formation of common markets is carried out in three stages: (1) development and approval of the concept; (2) adoption of the program and the implementation of activities; and (3) international treaty entry into force. The concept of the EAEU common electric power market formation was approved on May 8, 2015. The main objectives of the common electric power market are to ensure sustainable growth and energy security of Member States; to increase the economic efficiency and reliability of electric power industries of the Member States; to form a single economic space of the EAEU in the electric power industry; to satisfy the demand of electric energy consumers on the common market; and to maintain balance of economic interests of participants in the general electric power market.

The international Agreement on the Common Electric Power Market should enter into force prior to July 1, 2019. The synergetic effect of the EAEU common electric power market functioning should lead to an increase in the volume of electricity trade (the growth of mutual trade by 1.5–2 times at the start and by 2–2.5 times during the operation phase), increase in transparency of pric-

<sup>10</sup> The Member States shall gradually establish a common electric power market of the Union based on parallel electric power systems. The Member States shall establish common electric power market based on the features of the national electric power markets of the Member States, and the composition of its participants will depend on the creation of the common gas market.

ing, efficiency in the use of generation and transmission capacities (utilization of electric generating capacity should increase by 7%), decrease in energy consumption per GDP unit, increase in energy security of the Member States, increase in electricity exports from the EAEU up to 30 billion kWh, and EAEU GDP growth by USD 7–7.5 billion. The cumulative effect should result in further cooperation of the Member States in related areas such as construction and operation of infrastructure facilities of the power industry, power engineering and innovative activities.

The concept of the common gas market of the Eurasian Economic Union was approved on May 31, 2016. The common gas market of the Union is viewed as the aggregate of trade and economic relations of the economic entities of Member States in the sphere of gas transportation and supply between them.

The main objectives of the formation of an EAEU common gas market are the enhancement of energy security of the Member States; increase of reliability, availability and quality of gas supply to gas consumers in the territories of these countries; and increase of economic efficiency in the use of gas transmission systems. Formation of a common gas market is carried out in three stages and should be completed prior to January 1, 2025. According to assessments made by science and research organizations, the minimum direct economic effect from the creation of a common gas market is an estimated USD 1 billion, and the multiplicative effect – no less than USD 3–4 billion.

The concept of EAEU common markets for oil and petroleum products was approved on May 31, 2016. The common market for oil and oil products of the Member States is viewed as trade and economic relations between the economic entities of the Member States in the areas of production, transportation, supply, processing and marketing of oil and petroleum products in the territories of Member States in sufficient quantities to meet the needs of these countries.

The main objectives of creating common markets for oil and petroleum products are to ensure the sustainable development of economies, energy and environmental security of Member States; increase economic efficiency of economic entities in the production, transportation, supply, processing and marketing of oil and petroleum products in the territory of the Union, and the reliability of the functioning of the fuel and energy sector of the Member States; and increase the level of economic integration and competitiveness of the Member States and the Union in the world market. Formation of common markets for oil and petroleum products of the Union, as well as the creation of a common gas market for the Union, should be carried out in three stages and be completed prior to January 1, 2025. The cumulative effect from the creation of common markets for oil and petroleum products is estimated by experts to be USD 5 to 8 billion.

To optimize the interstate supply of energy resources, the parties signed an Agreement on the methodology for calculating indicative (projected) balances of gas, oil and petroleum products within the EAEU framework.

### 5.3. Agreed policy in the EAEU

**Macroeconomic policy.**<sup>11</sup> Agreed macroeconomic policy shall be implemented within the Union aimed at achieving the balanced economic development of the Member States.

The implementation of such a policy envisions the development and implementation of joint actions by Member States in the following areas:

- ensuring sustainable development of the economies of the Member States using the integration potential of the Union and competitive advantages of each Member State;
- establishing common operation principles for the economies of the Member States and ensuring their effective interaction;
- creating conditions to increase internal sustainability of the economies of the Member States, including their macroeconomic stability and resistance to external influences;
- development of common principles and guidelines to predict social and economic development of the Member States.

The most important element for conducting a coordinated macroeconomic policy is the observance of the quantitative values of macroeconomic indicators that determine the sustainability of economic development by the Member States: the annual deficit of the consolidated budget of the governance sector, the debt of the governance sector and the level of inflation.

The Commission has a coordinating role in the implementation of coherent macroeconomic policies. For this reason, the Commission monitors a number of indicators, conducts analytical work, develops forecasts of the socio-economic development of the Union, assists the Member States in the exchange of information and consultations on issues related to the economic situation in the Member States, and in coordination with the Member States develops the documents aimed at the development and implementation of coordinated macroeconomic policies.

The most important strategic documents developed by the EAEU in the area of macroeconomic policy are the Main Directions of the Economic Development of the Union and the Main Directions for Macroeconomic Policy of the Member States.

The Main Directions of Agreed Macroeconomic Policy is a recommendatory document approved on October 16, 2015, by Decision No. 28 of the Supreme Eurasian Economic Council. It identifies the promising areas of socioeconomic development pursued by Member States through the use of the integration potential of the Union and the competitive advantages of Member States. The Main Directions form the basis for the implementation of integration measures and actions that make it possible to increase the competitiveness of the economies of Member States.

<sup>11</sup> Agreed macroeconomic policy shall be implemented within the Union providing for the development and implementation of joint actions by the Member States aimed at achieving their balanced economic development.

In addition, the EAEU annually adopts the Main Directions of Macroeconomic Policy – a policy document which defines short-term and medium-term goals, most important for the economies of Member States, aimed at achieving the goals set by the Union's Main Directions of Economic Development, as well as recommendations to address these priorities.

**Monetary policy.**<sup>12</sup> The area of monetary policy is fully elaborated, which is also stipulated in the Agreement on the EAEU. In particular, the EEC is developing a set of measures aimed at carrying out agreed monetary policy, increasing confidence in national currencies, reducing currency risks, the convergence of legislation regulating currency law relations and the liberalization of currency law relations. It has also prepared proposals on the development of an integrated currency market and the exchange of information on credit histories and conducted consultations on the development and interaction of payment systems. In order to harmonize legislation in the area of currency law relations, the EEC is analyzing the currency legislations of the Member States and preparing proposals for the convergence and liberalization of currency law relations. At present, the draft Agreement on agreed approaches of the Member States to the regulation of currency relations and liberalization measures under an international treaty within the Union is at the final stage.

**Industrial and agricultural policy.** The Agreement on the EAEU provides for the cooperation of Member States in the implementation of industrial and agricultural policies. At the time Eurasian Economic Union was created, industrial and production cooperation was at a low level. Mutual export of manufactured goods of the Member States accounted for slightly less than 4.6% of the total market capacity.

The largest share in its sectoral segment was occupied by the mutual export of woodwork products (8.0% of the capacity of the industry segment); pulp and paper production (9.3%); and footwear and leather goods (7.1%). At the same time, the listed industries had either a low or medium technological level. A significant share in the sectoral segments of the common market was occupied by the mutual export of machinery and equipment (5.7%); items made of rubber and plastic (5.2%); and textile and clothing (4.6%).

Based on the production capacity of the Member States, the following segments of the common market have the greatest potential for industrial cooperation at the moment: vehicles, electrical equipment, optics and electronics, chemical products, metallurgical and metalwork.

The purpose of industrial cooperation within the EAEU framework is to realize the potential of effective and mutually beneficial cooperation of the Member States in order to ensure acceleration and sustainability of industrial development and increase the competitiveness and innovation of these states' industries.

Industrial policy within the framework of the Union is shaped by the Member States based on the Main Directions of Industrial Cooperation – the strategy of

<sup>12</sup> Monetary policy in EAEU is to harmonize the approaches to monetary policy at the national level, develop cooperation in the monetary sphere, enhance the role of the national currencies of the Member, both on the internal currency market of the EAEU, and on the international market.

interaction in the area of industry. In September 2015, the Eurasian Intergovernmental Council approved the Main Directions of Industrial Cooperation, a medium-term document for a period of 5 years, within the framework of the Eurasian Economic Union.

The main directions and tasks of industrial cooperation within the EAEU framework are aimed at increasing the growth rates and industrial production in the EAEU Member States; development of collaborative cooperation; increase in the share of manufactured goods of the Member States in the EAEU common market; development of new competitive export products, modernization of existing production facilities and creation of new innovative sectors of industry; elimination of barriers to the movement of manufactured goods in the common market of the EAEU; attracting investments; and increasing the availability of financial resources for industrial enterprises.

To increase the growth rates and industrial production in the EAEU Member States, as well as to promote innovations, the document provides for the implementation of the following mechanisms for industrial cooperation: creation of the Eurasian network of industrial cooperation and subcontracting; development of industrial innovative infrastructure; formation of the Eurasian technology platforms; creation of the Eurasian Engineering Center; formation of the Eurasian technology transfer network; and others.

One of the main reasons that Member States' industry is lagging behind in work productivity by GVA (gross value added) compared to the level of economically developed countries is the imperfect technological structure of the industrial sector and backlogs in the introduction of electronic process control systems.

In this regard, the Member States agreed on the creation of the Eurasian digital platform for the development of the EAEU countries, that will facilitate the transition to a digital economy.

Already in 2016, the EAEU countries overcame the decline in industrial production, an increase occurred in the following sectors, compared to 2015:

- production of clothing – by 5.9%;
- production of rubber and plastic items – by 5.6%;
- production of textiles – by 4.9%;
- manufacture of woodwork, except furniture – by 3.8%;
- production of leather and related products – by 2.4%;
- production of electrical equipment – by 1.8%;
- production of beverages – by 1.6%.

Most importantly, the Member States are actively participating in the implementation of import substitution.

Much attention in the Eurasian Economic Commission framework is paid to the implementation of the provisions of the Concept of Agreed Agricultural Policy

and the Agreement on Common Rules for Agricultural State Support Measures of the countries that were accepted at the stage of formation of the CU and Single Economic Space and became an integral part of the Treaty on the EAEU.

The main objective of the agreed agricultural policy is the effective implementation of the resource potential of the EAEU countries to optimize production of competitive agricultural products and food, meet the needs of the common agricultural market and increase exports.

The agreed agricultural policy must ensure the creation of a common agrarian market, fair competition between the subjects of the EAEU countries, protection of the interests of agribusiness in the domestic and foreign markets and promote scientific and innovative approaches in the agricultural sector.

On March 7, 2017, the Eurasian Intergovernmental Council held a meeting in Bishkek to consider the issues of food security and import substitution. The Prime Ministers of the EAEU countries approved the medium-term forecasts prepared by the Eurasian Economic Commission for the development of agricultural complexes of the Member States, as well as the supply and demand for basic types of agricultural products and food. In 2017, compared to 2015, agricultural production in the EAEU countries will increase by 8%, mutual trade in agricultural products by 15% and exports by almost 20%.

Removing the barriers in trade and support of domestic producers will lead to further growth of domestic production of meat, milk, eggs, vegetables and a number of other agricultural products in the countries of the Union. For example, the average level of self-sufficiency of the population in milk, meat and meat products will reach 100% by 2018. In 2017, the EAEU countries plan to increase grain exports to 40 million tons and reduce imports of meat and meat products to 900,000 tons.

Medium-term forecasts allow Member States to coordinate national agricultural policies, assess the dynamics of agricultural production development and the state of food security and increase investment attractiveness of industries while taking the needs of the single market of the Union into account. The long-term strategy of cooperation in agriculture will not only help to expand the production of competitive products, increase the volume of mutual trade and ensure food security in the Eurasian region, but also enable the EAEU to enter the world market as a leading supplier of agricultural products.

**Energy and transport policy.** At the present stage, the level of economic development of countries and integration blocs largely depends on the availability of a resource base and development of the transport system. The competition for the development of energy resources, their exports and the possibility of using new routes is growing all over the world.

The Eurasian Economic Union as an integration association has a serious fuel and energy industry (20% of the gross domestic product) as well as transport and logistics potential (8% of the gross domestic product), and is one of the world's leading extractors and exporters of hydrocarbon. However, there is a

country-specific imbalance in the distribution of mineral resources and focus on raw materials in the economies of the Eurasian integration core: Russia and Kazakhstan. The bulk of gas, oil and coal resources are concentrated in the territory of Russia. Kazakhstan also possesses considerable reserves of oil and coal. Small reserves of oil and gas were discovered in Belarus but there are practically no proven reserves of fuel and energy resources in Armenia and Kyrgyzstan.

For this reason, the main objective of the Eurasian Economic Union in this area of cooperation is the implementation of a coordinated (agreed) policy in energy, transport and natural monopolies, creation of common markets for energy resources and transport services and the elimination of mutual barriers in order to create a single energy and transport space of the EAEU.

The Agreement on the EAEU as of May 29, 2014, includes such sections as energy, transport and natural monopolies, wherein the Contracting Parties have formulated the desire to develop long-term mutually beneficial cooperation in energy and transport areas, to perform stage-by-stage formation of common energy markets and to ensure the development of transport infrastructure.

The integration of the transport sector had begun even before the Treaty on the EAEU was signed, which produced a number of positive outcomes: the control over road transport with an established information exchange was transferred to the external border of the Union; and carriers registered in the territory of the Member States have the opportunity to freely carry out the transport of goods in the territory of the Union.

Section XXI of the Treaty on the Eurasian Economic Union provides for the implementation of a coordinated (agreed) transport policy, the main priorities of which are: the formation of a single transport space; creation and development of Eurasian transport corridors; development of transit potential; development of transport infrastructure; creation of logistics centers; and development of science, personnel and innovations in transport sector.

As part of the practical implementation of this section of the Treaty on the Union, the EEC Department for Transport Infrastructure coordinates a wide range of issues related to all kinds of transport (road, rail, air, and water) and monitoring of natural monopolies. The development of international transport projects crossing the territory of Eurasia feature prominently in the Department activity.

In general, the results of the implementation of energy and transport projects by 2025 will largely determine the nature of social and economic development of the EAEU.

**Technical regulation.**<sup>13</sup> An important aspect of cooperation between the EAEU countries and the activities of EEC is the sector of technical regulation. Mechanisms of technical regulation can remove numerous administrative and technical barriers to trade, thus ensuring freedom of movement of goods and creating a single market.

<sup>13</sup> Technical regulation is the determination of mandatory requirements for products and product-related requirements.

EAEU has a common list of products (consisting of 66 items) subject to mandatory requirements within the Union.

Since 2011 (since the CU was created) more than 40 technical regulations have been developed and 35 entered into force, common for Member States to ensure safety of products for children and adolescents, clothing, furniture, food, machinery and equipment, railway transport, small size ships, agricultural machinery, etc. In total (as of 2017), technical regulations cover more than 50% of the products circulated in the Union.

The technical regulations of the EAEU are developed on the basis of international standards (unless these documents are not available or do not comply with the objectives of the technical regulations of the Union). Another 22 draft technical regulations of the EAEU are currently being developed. These projects will establish uniform requirements for fish products, drinking water in containers, petroleum products, attractions, civil defense products, buildings and structures, building materials and products, etc.

To prepare the industry for the requirements of the EAEU unified technical regulations, there are transitional periods planned with the possibility of manufacturing products according to national requirements on availability of the documents on conformity assessment with these requirements. On average, such periods last 17–25 months from the date the technical regulations of the Union come into force, depending on the features of the objects of technical regulation. All transitional periods for the technical regulations that have already been adopted and entered into force end in 2017.

Thus, technical barriers will be removed for more than 80% of goods that are subject to technical regulation in the EAEU.

The transition in most of the technical regulations of the EAEU shifts to declaring (26 technical regulations of the EAEU out of 35), while in some of them, compulsory certification is applied (20 technical regulations of the EAEU out of 35).

The document on conformity assessment with the requirements of the technical regulations of the EAEU allows for turnover products on the market of all Member States without the need for additional registration or the adoption of a national document on conformity assessment, which significantly reduces the costs for business entities.

**Sanitary, veterinary-sanitary, phytosanitary quarantine measures and protection of consumer rights.** The Eurasian Economic Union is implementing an agreed policy in application of sanitary, veterinary-sanitary and phytosanitary quarantine measures. The objective of this policy is to ensure sanitary-epidemiological and veterinary-sanitary well-being, phytosanitary quarantine security, deepening of integration processes and reduction of administrative barriers.

The activities in the EAEU in this area are aimed at ensuring the safety of products (goods) in order to protect the life and health of humans, animals and plants by harmonizing regulations and legal acts with international standards and recommendations, establishing unified procedures for control over goods being moved

(imported) and taking into account the interests of the Member States. At the same time, measures can be introduced to ensure a higher level of protection.

A methodology is being implemented to assess the risks to public health under the influence of chemical, physical, and biological factors for determining safety indicators of products (goods).

The following documents are planned to be implemented:

- Regulations on coordinated approaches for identification, registration and traceability of animals and products of animal origin;
- Order of interaction of the Member States in the prevention, diagnosis, localization and elimination of sources of dangerous, quarantined and zoonotic animal diseases and the implementation of regionalization and compartmentalization;
- Rules for laboratory tests (surveys) in the implementation of veterinary control (supervision);
- Unified veterinary (veterinary and sanitary) requirements for objects that are subject to veterinary control (supervision).

The following documents are almost ready:

- Rules for regulating the circulation of veterinary medicinal products in the customs territory of the Eurasian Economic Union;
- Rules for regulating the circulation of disinfectant, disinsection and anti-mite means for veterinary purposes in the customs territory of the Eurasian Economic Union;
- Rules for regulating the circulation of diagnostic tools for veterinary purposes in the customs territory of the Eurasian Economic Union;
- Rules for regulating the handling of feed additives in the customs territory of the Eurasian Economic Union.

The principles of cooperation are of particular importance and imply a new, higher level of interaction between the Member States in order to resolve economic, social, cultural and humanitarian issues, including the creation of conditions for effectively functioning mechanisms of consumer protection.

This circumstance shows a clear need for a coherent policy in the sphere of consumer rights protection in the national legal systems and entails joint efforts of the state, society and business, based on international law and experience.

The development of competitive markets significantly affects the consumer demand of the population and forwards new tasks for the systems of state and public protection of consumer rights in the Eurasian Economic Union. To implement these tasks, the Eurasian Economic Commission adopted the Recommendation on the application of measures aimed at enhancing the effectiveness of interaction between authorized bodies in the area of consumer rights protection of the Eurasian Economic Union Member States as of March 22, 2016.

Also, on November 21, 2017, the Board of the Eurasian Economic Commission adopted Recommendation No. 29 on common approaches to the agreed policy in the sphere of consumer rights protection for distance selling of goods (orders, services).

At the moment, the following recommendations are being developed:

- General approaches for the Member States to the implementation of a coordinated policy in the area of consumer protection of socially vulnerable groups of the population;
- Food products in terms of additional color labelling and nutritional composition.

**Intellectual property.** In order to establish the principles of regulation in the area of intellectual property, the Treaty on the Eurasian Economic Union includes Section XXIII Intellectual Property (hereinafter referred to as Section XXIII) and Annex No. 26 Protocol on the Protection and Enforcement of Intellectual Property Rights as of May 29, 2014 (hereinafter referred to as Annex No. 26).

The cooperation of the Member States in the sphere of intellectual property is carried out primarily to ensure the harmonization of the legislation of the Member States in the area of protection and enforcement of intellectual property rights and to ensure in their territories the protection and safeguarding of these rights.

Section XXIII and Appendix No. 26 of the Treaty on the Union, in addition to regulating relations in the area of intellectual property, provide a significant range of cooperation in the sphere of intellectual property in the main areas of Member States, including support for scientific and innovative development, and improvement of mechanisms for the commercialization and use of intellectual property.

The Eurasian Economic Commission directs efforts not only to harmonize legislation in the sphere of intellectual property, but also to conduct analysis of law enforcement practices, develop recommendations on further integration issues and provide the most favorable conditions for subjects of the intellectual property market.

In order to coordinate actions to prevent, detect and suppress violations of intellectual property rights in the territories of Member States, the Agreement on the coordination of actions to protect intellectual property rights was signed in Grodno on September 8, 2015, within the framework of the meeting of the Eurasian Intergovernmental Council, and subsequently entered into force on July 19, 2016. The agreement provides mutually beneficial cooperation between the authorized bodies of the Member States, which makes it possible to improve the effectiveness to counter violations of intellectual property rights, including those related to import, production and distribution of counterfeit goods.

Taking into account business interests, the regulatory legal base has been developed to ensure the functioning of the single customs registry of intellectual property objects. Article 385 of the Customs Code of the Eurasian Economic Union entrusts the EEC to maintain a single customs registry of intellectual property objects of the Member States of the Eurasian Economic Union. The procedure for

maintaining a single customs registry of intellectual property is at the final stage of approval.

A number of draft laws on the legal protection of intellectual property have also been developed within the EAEU framework.

The Agreement on Trademarks, Service Marks and Appellations of Origin in the Territories of the EAEU provides legal protection to the Union's trademarks and appellations of origin of goods of the Union to all Member States, simplifying and hastening registration procedures and eliminating excessive administrative barriers.

The Agreement on Collective Management of Copyright and Related Rights unifies the main provisions of the legislation of Member States in the area of copyright and related rights in regulating the activities of organizations for the collective management of rights, and establishes the procedure for collecting, distributing and paying remuneration to the copyright owners.

The implementation of these documents will help to solve many problems in the areas of intellectual property and investment cooperation of Member States.

Conducting an agreed policy in the area of intellectual property provides a balanced regulatory mechanism to achieve the desired effect in the implementation of legal protection and safeguarding of intellectual property rights in the Member States of the EAEU.

#### **5.4. Common Regulation Principles**

**Access to Services of Natural Monopoly Entities.**<sup>14</sup> Anti-monopoly regulation and access to services of natural monopoly entities are also seen as important areas of cooperation of the EAEU countries.

The regulatory and legal basis for this direction are:

- Section XVIII of the Treaty on the EAEU General Principles and Rules of Competition, and Annex No.19 to the Treaty – Protocol on General Principles and Rules of Competition;
- Section XXII of the Treaty on the EAEU State (Municipal) Procurement, and Annex No. 25 to the Agreement – Protocol on the Procedure for Regulating Procurement.

In accordance with the agreements reached, the Member States established rules in their national regulations which provide access to the services of natural monopoly entities (i.e. the possibility for a member of the internal market of one Member State to use the services of natural monopoly entities in another Member State) and provide control over their observance.

<sup>14</sup> For the effective functioning of a single market within the EAEU framework, it is necessary not only to remove barriers to the movement of goods, services, capital and labor, but also to ensure compliance with general rules of competition in Member States. The competition policy of the Eurasian Economic Union combines national and transboundary anti-monopoly regulation, which is carried out by the anti-monopoly entities of the Member States and the Eurasian Economic Commission.

The rules for providing access include the essential terms of contracts, the procedure for their conclusion and execution; the procedure for determining technical capabilities; the procedure for providing information on services and their parameters; conditions for obtaining public information to compare access conditions; a list of information that can not constitute a trade secret; procedure for settlement of disputes. EAEU also adopted a unified methodology of tariff formation in the spheres of natural monopolies.

In general, the measures taken by the Member States on demonopolization stimulate a decrease in the concentration of monopolized markets, ensure transparency of tariff formation and equal access to the services of natural monopoly entities, and foster competition.

**Antitrust regulation.** The agreed competition (antitrust) policy of the Eurasian Economic Union combines national and transboundary anti-monopoly regulation, which is carried out by the anti-monopoly entities of the Member States and the Eurasian Economic Commission.

The formation of a unified competition policy on the territory of the EAEU has already passed a significant stage aimed at harmonizing the national anti-monopoly legislation of the Member States and ensuring the effectiveness of the functioning and interaction of their anti-monopoly authorities, including information exchange and joint investigations of violations of competition rules.

The Eurasian Economic Commission is a supranational anti-monopoly body authorized to conduct anti-monopoly investigations only with respect to resident companies of the Member States and only if the violations committed by them have had or may have a negative impact on competition in transboundary markets in the territories of two or more Member States, except for the financial markets.

For the purpose of distributing competences between the national anti-monopoly authorities and the Eurasian Economic Commission, the Decision No. 29 of the Supreme Eurasian Economic Council (as of December 19, 2012) approves the criteria for classifying the market as transboundary, and only a commodity market with geographical boundaries including the territory of two and more of the Member States can be recognized as such.

Detecting the violations of general competition rules in transboundary markets is carried out in the course of investigating the violations of competition rules in conjunction with national anti-monopoly authorities of Member States and further consideration of cases of violation of competition rules involving potential applicants and accused companies on the basis of publicity and competition.

In the framework of investigations the EEC has the right to send motivated submissions to the national anti-monopoly authorities of the Member States on the implementation of individual procedural actions, including the conduct of on-site inspections of companies with the presence of EEC staff and the local anti-monopoly authority in the area the offense was committed or the negative consequences for competition occurred.

Procedures for conducting EEC analysis of transboundary markets, investigations and cases are provided for in special regulations.

Based on the results of the case investigation the Commission independently decides whether there is a violation of general competition rules or not, and also brings the responsible companies to justice in the form of a penalty that may amount to 15% of the company's annual turnover in the transboundary market where the offense was committed. The decision of the EEC can be appealed in the Court of the Union.

Currently the EEC is actively carrying out economic analysis of markets for transboundary issues. For example, EEC specialists, in cooperation with national regulators, have already considered a number of issues affecting the interests of companies and consumers in the territories of several Member States, such as international roaming markets within the territory of the EAEU, pricing for apatite concentrate and phosphate raw materials, as well as access to the markets of elevator equipment.

Principles of interaction in the tax sphere are described in the Taxes and Taxation Section of the Agreement on the EAEU. The main objective is to ensure non-discriminatory taxation, coordination of tax policy, administration of indirect taxes in mutual trade, calculation of the norms for the distribution of amounts of import duties and their transfer to the revenue of the budgets of Member States, the procedure for payment and enrollment of export customs duties when exporting goods from the customs territory to third countries.

A further priority area in cooperation involves exchange of information in the sphere of countering the legalization (laundering) of proceeds from crime and financing of terrorism.

### 5.5. Removal of obstacles in EAEU internal market

An important area of EAEU development is the removal of obstacles in the internal market. In order to intensify this work, a separate direction was allocated within the EEC structure in 2016 and the Domestic Markets Operation Department was established.

The starting point for systematic and transparent work on identifying obstacles was the publication of the report "Barriers, Exemptions, and Restrictions of the EAEU" (the so-called "White Book of Obstacles"), in which the EEC together with Member States elaborated the definitions of obstacles ("barriers", "exemptions" and "restrictions") in the EAEU internal market as the determining factors in this area of activity. The report provides analysis of the areas of regulation regarding the obstacles, and provides an agreed list of obstacles. in the annex to the "White Book".

**Barriers** are obstacles that are irrelevant to the law of the Union. **Exemptions** are exceptions provided for by the law of the Union on the non-application by the Member State of general rules for the functioning of the internal market of the Union. **Restrictions** are the obstacles that have arisen due to the absence of legal

regulation of economic relations, the development of which is provided for by the law of the Union. Thus, barriers are unacceptable. Exemptions and restrictions are acceptable obstacles in the functioning of the internal market of the Union.

The barriers are to be immediately removed as they violate the law of the EAEU, while exemptions and restrictions should be eliminated in accordance with action plans. For example, on October 25, 2017, the Decision No. 17 of the Eurasian Intergovernmental Council approved the Action Plan (“road map”) for the removal of exemptions and restrictions on the internal market of the EAEU for 2018–2019. The “road map” identified 17 types of obstacles to be eliminated in two years.

A significant aspect of the work on identifying obstacles in the internal market of the EAEU is active interaction with the business community, which is carried out through the information portal “Functioning of Domestic Markets.” With the help of this resource it is possible to file an appeal about a problematic situation in the internal market of the EAEU with the ability to track the work and receive feedback.

Quarterly, the EEC Board reviews the report on the removal of barriers in the internal market of the EAEU. 14 barriers in the internal market of the EAEU were eliminated since the creation of the Domestic Markets Operation Department of the EEC and till the end of the third quarter of 2017.

In fact, the removal of obstacles in internal markets is an important applied aspect of the activities within the EAEU framework, that allows to eliminate issues related to violation of the EAEU law, lack of regulation on certain issues, or the exceptions to general regulation.

## **5.6. The digital agenda of the EAEU**

One of the priority areas of EAEU activity is the development of the digital agenda. This area is not stipulated by the Treaty on the EAEU, but the trends in the development of the world economy have determined its relevance.

On December 26, 2016, within the framework of the regular session of the Supreme Eurasian Economic Council, the heads of the Member States adopted a document on the Digital Agenda of the EAEU that outlined the goals and mechanisms for implementing the digital agenda. The Decision on building the EAEU Digital Agenda was also approved and instructed the governments of the Member States together with the Eurasian Economic Commission to develop and submit prior to December 1, 2017, the main areas for the implementation of the EAEU Digital Agenda until 2025 for consideration by the Eurasian Intergovernmental Council.

Developing the traditional spheres of interaction of the economic integration association, such as trade and industrial cooperation, the Eurasian Economic Commission focuses on the formation of the modern digital space of the EAEU as a combination of social mechanisms, business relations and common markets utilizing digital technologies and digital infrastructure that form and operate digital assets.

This agenda results from the rapid introduction of information and communication technologies in all spheres of life and significant changes in the nature of production and in trade and economic relations between members of integration associations.

The issue of digital transformation is correlated with many of the global challenges the Member States are facing.

The first is the formation of digital platforms. The world is facing a global digitization of the economy, and the new model of economic development is changing the world mode and the form of organization of society. Already now cross-sector digital platforms are being created, which provide for automatic coordination and optimization of the interconnected activities of a larger number of market participants through the displacement of unnecessary intermediaries. This leads to a drastic reduction in transaction costs and an increase in the speed of operations. In fact, cross-sector digital platforms are a special modern form of labor organization around the world.

The second is the formation of the maximum value added in new industries that have been digitized, which enables increased labor productivity and linking these industries with cross-sector digital platforms. Assets in traditional industries that have not been digitized dramatically depreciate against the rising costs of new digital assets. Leading experts agree that in the next 15–20 years we will have a widespread application of the platform business model which will reformat the habitual organizational structures of industry and trade.

The third challenge is the dominance of transnational corporations in providing digital services and connecting digitized domestic enterprises and digital products, used by consumers of the EAEU, to cross-sector digital platforms of other countries.

The fourth challenge is recruiting highly qualified workers from the EAEU countries to develop new IT solutions in the world's leading countries.

To address these challenges, the countries of the EAEU should use the existing potential and begin to form their own Eurasian cross-sector digital platforms. That is why digital transformation of the economy was included in the Work Plan of the Business Council for 2017, and in the Work Plan of the Advisory Council.

Implementation of the digital agenda of the EAEU will contribute to:

- achieving the goals of economic integration, the transition of economies of Member States to a new technological regime while taking into account their national interests;
- improving the quality of public services;
- formation of an enabling environment for the development of innovations;
- improving the quality of life for the citizens of Member States, the level of citizens' involvement in the use of information technology, protecting the rights and legitimate interests of consumers and creating high-tech jobs.

The necessary measures for the implementation of the digital agenda are indicated as follows:

- development of the legal framework for the digital economy of the Member States;
- preparation of proposals and exchange of experience in the area of safeguarding and protecting intellectual property rights;
- creation of public-private partnerships in the area of digital economy;
- stimulation and support of digital initiatives and projects;
- supporting dialogue between the interested organizations and citizens of the Member States and promotion of best practices in the area of digital economy.

According to Article 23 of the Treaty on the Eurasian Economic Union, In order to ensure information support for the integration processes in all spheres affecting the functioning of the Union, measures shall be developed and implemented aimed at ensuring the information exchange using information and communication technologies and the transboundary space of trust within the Union.

The creation of the EAEU transboundary space of trust became one of the directions in the development of the digital space of the Union. On September 27, 2016, the Board of the Eurasian Economic Commission approved the Strategy for the Development of Trans-boundary Space of Confidence of the Eurasian Economic Union.

The development of this space will create conditions for ensuring trust between the countries of the Eurasian Economic Union, as well as with third countries and international associations for the interstate exchange of data and electronic documents.

The strategy will be implemented in three stages. At the first stage, prior to 2018, the electronic interaction of state authorities of the Member States and Eurasian Economic Union will be organized, with the primary use of electronic documents signed by electronic digital signatures, thus improving the efficiency of the integrated information system of the Union created by the Member States.

At the second stage, prior to 2020, free electronic interaction between individuals and among legal entities, as well as with state authorities within the framework of the Eurasian Economic Union, will be possible.

At the third stage, before 2024, interstate electronic notarial institution and other interstate electronic services will be created to maximize the involvement of individuals throughout the world in the process of electronic interaction.

In order to form common information resources, to ensure the implementation of common processes within the Union and the effective implementation of various types of state control, an electronic form of interaction among the Member States and between the Member States and the Commission is to be provided.

Information interaction in the implementation of common processes within the Union is carried out through the integrated information system of the Union.

The integrated information system of the Union is an organizational set of territorially distributed state information resources and information systems of authorized bodies, information resources and information systems of the Eurasian Economic Commission, united by the national segments of the Member States and the integration segment of the Eurasian Economic Commission.

The objectives for creating an integrated system are: informational support of integration processes in all areas affecting the functioning of the Union and the expansion of the practice of using electronic data interchange both between state authorities of the Member States and state bodies with citizens and business entities.

Participants of the system:

- customers of national segments of the Member States and the integration segment of the Commission;
- operators of integration gateways;
- operators of services of a trusted third party;
- participants of information interaction in the implementation of common processes.

The integrated system consists of the following segments: national segments of the Member States and the EEC integration segment. The segments of the integrated system are integrated by an integration platform. The integration platform was created to support information exchange between territorially distributed state information resources within the integrated system. Organization of joint work of information systems of Member States with information systems of the Commission is provided by the:

- creation of a protected infrastructure of interstate interaction in electronic form;
- use of centralized information resources;
- unification and harmonization of electronic document formats;
- centralized design of information communication systems.

The Commission is the customer-coordinator for the creation of an integrated system, as well as the customer of the integration segment.

On October 11, 2017 in Sochi, within the framework of the Supreme Eurasian Economic Council, the heads of the Member States approved the Main Directions for the Digital Agenda of the EAEU until 2025. The main directions are a medium-term document and define the goals, principles, tasks, directions and mechanisms of cooperation of the Member States on the implementation of the digital agenda of the Union until 2025.

Following the results of the Supreme Eurasian Economic Council meeting, it was requested to prepare a draft decision of the Eurasian Intergovernmental Council on the Procedure for Addressing Initiatives within the Implementation of Digital Agenda of the Eurasian Economic Union. Following the meeting of the Eurasian

Intergovernmental Council on October 25, 2017, it was decided to approve the final document of the Procedure for Addressing Initiatives within the Implementation of Digital Agenda of the Eurasian Economic Union.

As early as the following year, experts will begin to collect proposals and will be ready to develop those digital initiatives that are of interest to two or more countries of the EAEU. Implementation of concrete projects will start on the basis of approved initiatives, if the results of the work of the expert group are supported by the EEC Council and representatives of all national governments.

Priority will be given to initiatives related to the development of electronic commerce, digital infrastructure of transport corridors, the use of new technologies in industrial cooperation, and also in digital traceability. An important part of the joint work within the framework of the digital transformation will be the preparation of the Agreement on the Exchange of Data in the EAEU and creation of the system of regulatory “sandboxes” of the Union.

Should the digital agenda be successfully implemented, the Eurasian Economic Union can move to a new level of economic, technological and social development, and also take its own niche in shaping the global digital agenda.

**Read more:**

1. Barriers, Exemptions, and Restrictions of the EAEU 2016. EEC Report.  
URL: <https://barriers.eaeunion.org/info/documents>
2. Internal Market of the Union in Figures. Eurasian Economic Commission. Moscow, 2016.
3. Treaty on the Eurasian Economic Union.  
URL: [https://docs.eaeunion.org/docs/ru-ru/0043610/itia\\_05062014](https://docs.eaeunion.org/docs/ru-ru/0043610/itia_05062014)
4. Report 2015. On the Situation with Removal of Barriers to Mutual Access, Derogations and Restrictions with Respect to Movement of Goods, Services, Capital and Labor, which Impede Functioning of the Internal Market of the Eurasian Economic Union
5. Report on the implementation of the main directions of integration within the Eurasian Economic Union framework.
6. Eurasian Economic Commission / Internal Markets, Informatization, information and communication technologies / EAEU Digital Agenda.  
URL: <http://www.eurasiancommission.org/ru/act/dmi/workgroup/Pages/default.aspx>
7. Eurasian Economic Commission / Industry and Agricultural Industry.  
URL: [http://www.eurasiancommission.org/ru/act/prom\\_i\\_agroprom/Pages/default.aspx](http://www.eurasiancommission.org/ru/act/prom_i_agroprom/Pages/default.aspx)
8. Eurasian Economic Commission / Customs Cooperation.  
URL: [http://www.eurasiancommission.org/ru/act/tam\\_sotr/Pages/default.aspx](http://www.eurasiancommission.org/ru/act/tam_sotr/Pages/default.aspx)
9. Eurasian Economic Commission / Energy and Infrastructure URL: <http://www.eurasiancommission.org/ru/act/energetikaiinfr/Pages/default.aspx>

10. Eurasian Economic Union. Questions and Answers. Facts and Figures. Moscow, 2014.
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12. Integrated Information System of the Eurasian Economic Union.  
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14. The concept of creating the single electric power market of the EAEU, the concept of the single gas market of the Eurasian Economic Union, the concept of single markets for oil and petroleum products URL: <http://www.eurasiancommission.org/ru/act/energetikaiinfr/energ/Documents>
15. Model of common processes of the Eurasian Economic Union.  
URL: <https://eomi.eaeunion.org/ru/#/>
16. The Main Directions of Industrial Cooperation within the framework of the Eurasian Economic Union.
17. The Main Directions of Digital Agenda of the Eurasian Economic Union prior to 2025. URL: [goo.gl/6fwPg6](http://goo.gl/6fwPg6)
18. Report of the Eurasian Economic Commission 2012–2015.
19. Portal of common information resources and open data.  
URL: <https://portal.eaeunion.org/ru-ru/public/oir-od.aspx>
20. Procedure for Addressing Initiatives within the Implementation of Digital Agenda of the Eurasian Economic Union.  
URL: [https://docs.eaeunion.org/docs/ru-ru/01415257/icd\\_09112017\\_4](https://docs.eaeunion.org/docs/ru-ru/01415257/icd_09112017_4)
21. Legal Portal of EAEU/ CU and EEC Documents.  
URL: [www.docs.eaeunion.org/ru](http://www.docs.eaeunion.org/ru)
22. Annex No.27 to the Treaty on the Eurasian Economic Union. Protocol on Industrial Cooperation
23. Annex No.28 to the Treaty on the Eurasian Economic Union. Protocol on the Common Rules for granting of Industrial Subsidies
24. Annex No.29 to the Treaty on the Eurasian Economic Union. Protocol on Agricultural State Support Measures
25. Register of electronic documents and information.  
URL: <https://rseds.eaeunion.org/ru/#/support>

## Lecture 6. Methods and Techniques for Integration Assessment

### 6.1. Analytics

On a regular basis, the EEC prepares analytical materials and reports on various aspects of cooperation within the EAEU: on the state of mutual trade, on the monitoring of integration processes, and on the assessment of integration effects.

First of all, the Commission annually issues annual reports to summarize EAEU functionality and the activities of the EEC during the period under review. In an accessible format using infographics, it provides information on the priorities and results of the development of Eurasian economic integration in all areas of cooperation of the five countries.

The annual report “Facts and Figures” is a brief collection of key data and indicators of the Union, as well as general information on the EAEU. Key data on the state of development of the Union are presented with the help of statistical information and analytical generalizations.

Examples of sectoral analytics are as follows: the analytical report of the Eurasian Economic Commission On the Situation with Removal of Barriers to Mutual Access, Derogations and Restrictions with Respect to Movement of Goods, Services, Capital and Labor, which Impede Functioning of the Internal Market of the Eurasian Economic Union, published in 2015, as well as the report On the State of Mutual Trade between the Member States of the Eurasian Economic Union in 2015–2016, published in 2017.

In 2017, the Commission prepared a report on achievement of the Sustainable Development Goals in the EAEU region. The Report analyzes the compatibility between the development priorities and the activities of the Union with the objectives of sustainable development within the Sustainable Development Goals (SDGs), providing statistical materials reflecting the achievement of the SDGs within the Union.

In 2017, the EEC also published the book “Eurasian Economic Union: New Reality. New Opportunities”. The publication is devoted to the development of the Eurasian Economic Union, the positive effects of Eurasian economic integration and new opportunities for business development and investments in the EAEU.

The information and analytical study of the Eurasian Economic Commission «The Role of intellectual property in development of Eurasian integration» was published in 2016. The booklet is devoted to the issues of managing the development of intellectual property in the Eurasian Economic Union, including legal protection, protection of intellectual property rights and cooperation with international and regional organizations. Particular attention is paid to the results of the work of the Eurasian Economic Commission, authorized bodies and NGOs of the Member States.

Since 2015, the Eurasian Economic Commission has been monitoring the main directions of the economic development of the EAEU (hereinafter referred to as the Main Directions), which are based on the provisions of the Treaty on the Union, the Decision of the Supreme Eurasian Economic Council No. 28 as of

October 16, 2015 and the Main Directions. The results of the monitoring are submitted by the Commission to the authorized bodies of the Union at least once every two years in the form of a report. The Report provides analysis of the:

- results of monitoring of economic development indicators of Member States and the Union as a whole: statistical and analytical indicators;
- monitoring of structural transformations in the economies of Member States related to the main directions of the Union's economic development, including factual and/or expected effects from their implementation, the most significant national measures and actions implemented;
- integration measures and actions, including the adopted acts of Union-authorized bodies, relevant to the main directions of economic development of the Union;
- trends and risks that can influence the implementation of the Main Directions for Economic Development of the Member States in the medium and long term.

The EEC draws conclusions on the economic development of the Member States and the Union as a whole through the implementation of the integration potential, the further implementation of the Main Directions and on the implemented scenario of the economic development of the Union ("Extended status quo", "Transit and raw material bridge", "Center of power").

In 2017, the first Report on the implementation of the Main Directions of the Economic Development of the EAEU in 2015–2016, including the results of the analysis of the economic development of the integration association in 2010–2014, was presented.

The Commission has established and maintains a database on international ratings on an ongoing basis, and relevant reports are prepared. The interest in international ratings is also associated with their inclusion in the target indicators of national strategies and government programs, in particular, the ratings of the World Bank Group's Doing Business report, the Global Competitiveness Index, the Human Development Index, the Logistics Performance Index and others.

The analysis of the positions of Member States in international ratings makes it possible to identify their competitive advantages both individually and collectively. Comparing the positions of the Member States in the ratings among themselves and with the positions of third countries gives an idea of the place and role of the Member States and the Union as a whole in the world economy, and the level of development of the Member States in comparison with the developed and developing countries. In addition, this information helps to determine the most promising areas and spheres of economic development of each Member State and the Union as a whole, and also to identify constraints.

For example:

- Report "Economic development of the EAEU and Member States in 2016. International Ratings»
- Report "Barriers, Exemptions, and Restrictions of the EAEU". Moscow, 2017.

## 6.2. Statistics of the EAEU

Rapid and open access to statistical data is one of the factors contributing to the competitiveness of the economies of the Member States and the improvement of the investment climate in the Eurasian economic space. The activity of the Commission in the area of statistics promotes the openness of integration processes in their statistical measurement.

The Commission is constantly working to reinforce the integration process with timely and diverse statistical information and analytical materials on the social economic development of the Member States.

The Statistics of the EAEU consists of three main parts:

- *Statistics of foreign and mutual trade in goods*
- *Social economic statistics*
- *Financial Statistics*

## 6.3. Indicators of macroeconomic stability

The most important criterion for the consistency of macroeconomic policy is the observance of the quantitative values of macroeconomic indicators by Member States which determine the sustainability of economic development established by the Treaty on the EAEU: annual deficit of the consolidated budget of a state-controlled sector shall not exceed 3 percent of the gross domestic product, debt of a state-controlled sector shall not exceed 50 percent of the gross domestic product, and inflation rate (consumer price index) per annum (December to December of the previous year, in percent) shall exceed the inflation rate in the Member State with the lowest value by not more than 5 percent.

The Commission monitors such indicators and regularly publishes the results of the monitoring on its website.

In order to ensure compliance with the quantitative values of these macroeconomic indicators by all countries of the Union, a system of coherent actions implemented by the Commission in cooperation with Member States has been developed and is being implemented:

- the consultations of the Commission and the Member State that exceeded the quantitative value of any macroeconomic indicator that determines the sustainability of economic development as established by the EAEU Treaty;
- acceptance of the recommendation of the Commission in cases where the economic situation remains negative;
- elaboration and introduction for the approval by the heads of the states of the Union of joint measures of the Member States aimed at overcoming the negative phenomena.

The implementation of this set of measures contributes to the achievement and maintenance of quantitative values of indicators that determine the sustainability

**For reference:**

In 2016 the Commission adopted recommendations aimed at reducing the debt of the governance sector of the Kyrgyz Republic, reducing the deficit of the consolidated budget of the general government in the Republic of Armenia and reducing the level of inflation in the Republic of Kazakhstan.

In 2017, the adopted recommendations were aimed at reducing the level of inflation in the Republic of Belarus, reducing the level of inflation in the Russian Federation and maintaining it in the medium term within the quantitative value set by the Treaty on the EAEU as well as reducing the consolidated budget deficit and governance sector debt in the Republic of Armenia and the Kyrgyz Republic.

Adoption of each recommendation was preceded by appropriate consultations.

The mechanism for the adoption of joint measures to date has not been implemented in practice in connection with the actualization of the relevant provisions of the legal framework of the Union.

of economic development by Member States in the medium term, within the limits established by the Treaty, as well as to improve the macroeconomic situation in all Member States and the Union as a whole.

Also, a number of indicators are used to determine the degree of integration and development of the economy, such as mutual investment volume, the share of mutual trade, GDP growth rates, GDP per capita, current account balance and real effective exchange rate index of national currencies.

**6.4. Potential integration effects**

The evaluation of potential integration effects was published by the Commission in open materials, in particular: "Eurasian Economic Union: New Reality. New Opportunities". Potential effects can be either general (GDP growth of the Member States) or sectoral (growth of non-oil and gas exports, growth of foreign direct investment).

Successful fulfillment of the main objectives of economic development can provide an additional increase in the GDP of the EAEU by USD 210 billion in current prices by 2030. For a number of Member States the effect from EAEU membership is estimated at 13% of additional GDP growth by 2030. The potential of attracting investments from third countries due to market growth and the attractiveness of integration projects may amount USD 90 billion (cumulative to 2030), with an estimated increase in the volume of non-oil EAEU exports by 11.6% or USD 71.3 billion. Due to the creation of conditions for growth of business activity, the volume of mutual trade in intermediate consumption products may increase by 80%.

This integration potential can be achieved both through a system of general economic measures, and with the industry and project approach that allow for the fine-tuning of supranational regulation under the specific conditions of the industry and the project.

The Main Directions of Economic Development of the EAEU (section VI of the document) defines 7 criteria for assessing the integration potential in the sphere of economies of the Member States:

- presence and/or the potential for the achievement of a multiplicative effect;
- high relevance and/or potential for import substitution through cooperation of Member States;
- high potential for increasing and diversifying exports to third countries;
- prospects for increasing the supply of goods and services to the internal market by specializing the economies of Member States and realizing their competitive advantages;
- perspectives of participation and expansion of the presence of Member States in the enhancement of international value chains and production chains within the Union;
- possibility to abandon the concept of catching-up development and concentrate integration efforts on the development of economies of Member States by creating and attracting new technologies at an accelerated rate compared to global indicators (creation of “sectors of the future”);
- high degree of state regulation and/or state participation.

Pursuant to Clause 3 of the Protocol on Implementation of an Agreed Macroeconomic Policy of Annex 14 to the Treaty on the Union, it is envisioned that Member States will agree on measures to use the integration potential of the Union and competitive advantages of the Member States in the most feasible spheres and sectors of economy.

In accordance with Clause 3 of the Decision No. 28 of the Supreme Eurasian Economic Council as of October 16, 2015, the Commission together with the Member States developed and tested a system of methods that outline step-by-step actions for determining the spheres of economies that have integration potential – seven methods in accordance with the number of criteria for determining such spheres.

In addition, Clause 5, Section IV, Annex 14 to the Treaty on the EAEU provides a list of 5 indicators for determining the degree of integration in the EAEU.

The main sources of GDP integration growth for the Member States and the EAEU as a whole are as follows:

**Growth of mutual trade.** As part of Eurasian integration, the task is to increase mutual trade by gradually removing barriers, reducing exemptions and restrictions and creating conditions for business growth. The potential for increasing mutual trade in manufactured goods (without petroleum products) can reach twice the amount. An increase in mutual trade in intermediate goods is expected, which will positively affect the efficiency of the use of national resources and the level of processing within the Union.

**The growth of non-oil and gas exports and a decrease in the share of imports from third countries** as a result of diversification of the range of manufactured goods and services, as well as the implementation of infrastructure, industrial, innovative and other projects on a joint basis. The benefits of import-substituting

processes in the EAEU, according to the EEC calculations, as a rule, exceed the effect from the potential increase in exports.

**Growth of foreign direct investment** (mutual and from third countries). The investment attractiveness of the EAEU will increase, primarily due to the greater volume of the overall domestic market and the opportunities for using the competitive advantages of the Member States. In fact, the dynamics of indicators will depend both on the degree of realization of the potential of economic cooperation and on the range of measures taken in Member States in accordance with national development strategies.

**Implementation of the digital agenda.** The economic effect of the implementation of the digital agenda will increase the GDP of the Union by about 10.6% of the total expected growth in the total GDP of the Member States by 2025. At the same time, the potential effect almost doubles the possible amount of the GDP in the countries of the EAEU in the case of digital development without the implementation of a common digital agenda.

The implementation of the digital agenda can lead to the creation of four to eight million jobs, and will increase employment in the information and communication technology (ICT) industry in the EAEU by 66.4% by 2025 (valued at 1 million new jobs). This is almost 50% more than implementation of the digital development of Member States without a joint digital agenda. The increase in the number of jobs in the ICT sector will lead to an increase in overall employment by 2.5% by 2025. According to experts, the removal of existing regulatory and legal barriers in relations between Member States will save USD 46.5 billion in the Union. The effect of state procurement digitalization at the regional level is estimated at USD 16.3 billion.

In general, by 2030 the results of the economic development of the EAEU should demonstrate competitiveness of the integration association at the global level. The EAEU should be actively represented in the current “integration of integrations” system – the system of interaction and solving global problems at the level of integration associations.

The long-term development of the EAEU is expected to upgrade the structure of the economies of Member States and build on best regulatory practices to enhance the competitiveness of the economy.

#### Read more:

1. Treaty on the Eurasian Economic Union.  
URL: [https://docs.eaeunion.org/docs/ru-ru/0043610/itia\\_05062014](https://docs.eaeunion.org/docs/ru-ru/0043610/itia_05062014)
2. Eurasian Economic Union. Facts and Figures. Moscow, 2017.
3. Eurasian Economic Union: New Reality. New Opportunities / edited by T.D. Valova. Moscow, 2017.
4. Monitoring of Economy Resilience Indicators.  
URL: [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_makroec\\_pol/monitoring/Pages/default.aspx](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_makroec_pol/monitoring/Pages/default.aspx)

5. Main Directions of Economic Development of the EAEU prior to 2030. Eurasian Economic Commission. Moscow, 2015.
6. Macroeconomic Milestones for the EAEU Member-Countries for 2017–2018, as of April 14, 2017. Supreme Eurasian Economic Council. Bishkek.
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## Lecture 7. First Integration Results within the EAEU Framework

*Regional integration* is a gradual, sequential process of convergence of national economies. One of the key objectives for Eurasian integration is the creation of a competitive economic union. Since the Treaty on the Eurasian Economic Union was signed a lot of work has been done to accelerate the integration process and develop cooperation among the EAEU countries in key sectors of the economy – trade, transport, industry, agricultural sector, energy, etc.

Integration processes in the period of 2010–2016 were proceeding in difficult economic conditions: the lingering consequences of the 2008 financial crisis and the retardation of global growth rates as well as the economies of some leading developed and less-developed countries. There was a decline in prices for energy resources, the main export items of the two largest economies of the EAEU – Russia and Kazakhstan. The geopolitical situation, connected with the introduction of sanctions against Russia, also had a negative impact. In this context the indicators of the Member States proved to be better or comparable with other integration associations. Nevertheless, the countries of the EAEU have retained a common focus on deepening integration.

In 2016, the total gross domestic product of the EAEU was about USD 2.2 trillion (3.2% of global GDP), industrial production of the Member States was approximately USD 860 billion (2.5% of global industrial production), and the economically active population was 92.9 million people (2.8% of the world population).

The EAEU is already among the world leaders in the following economic sectors: extraction of oil (approximately 14% of global production); gas production (over 19% of global production); production of electricity (over 5% of global output); production of potassium fertilizers (nearly 23% of global production); and production of steel (nearly 5% of global production).

The economic potential of integration of the Member States within the framework of the EAEU is determined, firstly, by the commonality of the long-term orientation of the economic policies of the Member States for maintaining macroeconomic stability and increasing the competitiveness of national economies; secondly, the creation of a common (single) market and free movement of goods, services, capital and labor; thirdly, the creation of conditions for the access of goods and services to the world market; and, fourthly, the desire to attract long-term investments.

Geographical location, territorial size, natural resources, transit potential and population are an indication of the high attractiveness of Member States' economies for investors, including potential integration projects.

In 2010–2016 Member States attached great importance to building transport capacity through construction and modernization of roads and railways, airports, river and sea ports, development of inland waterways and creation of modern vehicles. A common feature of the measures taken was their orientation towards the integration of national transport systems in the international transport system, and also, in general, the internationalization of activities in this area.

One of the key indicators in this area – the freight turnover of all types of transport (excluding pipeline) in general in the EAEU in 2016 increased by 16% compared to 2010, and passenger turnover by all modes of transport rose by 23.3%.

To ensure effective interaction and coordination of state information resources and information systems, an agreed policy in the area of information and information technologies is implemented.

Further development of the integrated information system of the Union, transboundary space of trust, implementation of agreed policy in the area of information and information technologies, as well as the systematization and convergence of approaches to the creation of the EAEU digital space can become the drivers of the EAEU integration project in the coming years.

Since 2010, the position of the EAEU in most of rankings has been improving, including in the Global Competitiveness, Human Development, Prosperity, International Trade, Public Administration Effectiveness and other indexes.

According to some of the key international indices, the EAEU belongs to a group with a development level above the average (EEC calculations as a weighted average value in proportion to the contribution of Member States to the total GDP of the EAEU).

The first results of the EAEU activity should be considered not only through the prism of economic indicators and international ratings, but also from the point of view of creating a regulatory and legal framework prepared by the Union authorities.

### **7.1. Results of integration in 2010–2014**

The main results of Eurasian integration in the period from 2010 to 2014 are as follows:

- formation of the Customs Union (January 2010) and the single customs territory (July 2011) of Russia, Kazakhstan, and Belarus;
- signature of the Declaration on Eurasian Economic Integration (November 2011);
- launch of the Single Economic Space (January 2012) for Russia, Kazakhstan and Belarus;
- establishment of the Eurasian Economic Commission (February 2012);
- beginning of the negotiation process on the accession of Kyrgyzstan to the Eurasian integration project (December 23, 2014, the signing of the Treaty on the Accession of the Kyrgyz Republic to the Treaty on the Eurasian Economic Union);
- beginning of the negotiation process on Armenia's accession to the Eurasian integration project (April 2013–December 2013);
- drafting of the Treaty on the Eurasian Economic Union (2013 – early 2014);
- signature of the Treaty on the Eurasian Economic Union (May 29, 2014).

*Statistics (2014):*

From 2010 to 2014 the volume of foreign trade increased by 26.6% and amounted to USD 868.7 billion. At the same time, throughout the whole period from 2010 to 2014, the volume of foreign trade of Member States of the Customs Union and the Single Economic Space was steadily increasing, except for 2014, when the volume of foreign trade decreased by 6.89% compared to 2013.

In 2010–2014 export of goods of the Member States of the Customs Union and the Single Economic Space to third countries increased by 27.4% and amounted to USD 556.8 billion, while imports increased by 25.2% and amounted to USD 311.9 billion.

At the same time, the volume of mutual trade of the Member States of the Customs Union and the Single Economic Space from 2010 to 2014 increased by 24.1% and amounted to USD 58.5 billion.

Analysis of economic development of the Eurasian Union from 2010 to 2016 demonstrates positive convergence of the levels of economic development of the Member States, including such important indicators as labor productivity and income level. The distribution of foreign direct investment between EAEU countries is optimized, along with the increase in service and innovation components of their economies. Export of intellectual property services is growing at a fast pace; in six years time, the volume of exports has increased by 180% compared to 2010.

## **7.2. Results of integration in 2015–2016**

The main results of Eurasian integration in the period from 2015 to 2016 are as follows:

- beginning of the Eurasian Economic Union as functioning (January 1, 2015);
- Armenia's accession to the EAEU as a full member (January 2, 2015);
- signature of the Free Trade Zone Agreement by the Eurasian Economic Union and Vietnam (May 29, 2015);
- beginning of negotiations with China on the conclusion of a non-preferential agreement on trade and economic cooperation (May 2015);
- accession of Kyrgyzstan to the EAEU as a full member (August 12, 2015);
- approval of the Main Directions of the Economic Development of the EAEU until 2030 (October 2015);
- approval of the Main Directions for Industrial Cooperation within the Eurasian Economic Union (September 2015);
- new Board of the Eurasian Economic Commission under the chairmanship of the representative of the Republic of Armenia, Tigran Sargsyan (February 1, 2016)

The most important decisions made by the governing bodies of the EAEU in 2016 are:

- SEEC Decision “On the Concept for the Formation of the Common Gas Market of the Eurasian Economic Union”;
- SEEC Decision “On the Concept of Formation of Common Oil and Petroleum Products Markets of the Eurasian Economic Union”;
- The decree of SEEC “On the development of the Concept for the formation of the common financial market of the EAEU”;
- SEEC Decision “On the Program for the Formation of the Common Electricity Market of the EAEU”;
- SEEC Decision “On the formation of the digital agenda of the Eurasian Economic Union”;
- SEEC Decision “On the main directions and stages of the implementation of the agreed (coordinated) transport policy of the Member States of the Eurasian Economic Union”;
- SEEC Decision “On Approval of the Regulatory Rules for trade in services, incorporation and activities”;
- The decision of SEEC “On the start of negotiations with the Republic of Singapore on signing a free trade agreement”;
- The decision of the Eurasian Intergovernmental Council “On Elaboration of Concept for Establishment of the Eurasian Engineering Centre on Machine-Tool Construction”;
- The decision of the EIC “On the implementation of the mechanism for labelling certain categories of goods with control (identification) marks”;
- The decision of the EIC “On approval of the Regulation on the formation and functioning of Eurasian technological platforms”;
- Decision of the EEC Council “On the Concept for the Establishment of the Eurasian Network for Industrial Cooperation and Subcontracting”;
- Decree of the EEC Council “On the formation of priority Eurasian technological platforms”;
- The EEC Council adopted the Procedure for the development, approval, modification, and application of uniform sanitary and epidemiological and hygienic requirements and procedures;
- The EEC Council approved the Plan for the Implementation of the Main Directions for Industrial Cooperation in the EAEU.

One of the most important results of the activities within the Eurasian Economic Union framework during this period was the development of an Agreement on the Customs Code of the Eurasian Economic Union. The international agreement, along with the provisions of the Customs Code of the Customs Union of 2009, codified the provisions of 16 agreements that operated within the framework of the Customs Union. The most important provisions reflected in the Customs

Code of the Eurasian Economic Union are as follows:

1. Priority of electronic customs declaration and application of written declarations only in certain cases;
2. Possibility to perform customs operations on submission of the customs declaration and the release of goods automatically, via the information systems of customs authorities;
3. Possibility to submit a declaration for goods and a transit declaration without submitting the documents on whose basis these special forms were filled in to the customs authority;
4. The use of “single window” mechanism in customs operations, including those related to the arrival, departure, and customs declaration of goods, as a legal fixation of the principle of a single submission of documents to the regulatory authorities when performing customs operations;
5. Optimization of advance cargo information to customs authorities on goods imported into the customs territory of the EAEU;
6. Unification of the customs declaration of goods, that are currently regulated in the national customs legislation and have differences (incomplete customs declaration, periodic customs declaration, customs declaration of goods moved in unassembled or disassembled form);
7. Reduction of the time of release of goods to 4 hours from the moment the customs declaration is submitted, if the results of the customs declaration verification do not reveal the need to request documents on whose basis these special forms were filled in or to conduct customs control related to the inspection of goods;
8. Radical improvement of the institution of authorized economic operators;
9. The Council of the EEC is to determine the value, weight and/or quantitative norms of duty-free importation of goods for personal use into the customs territory of the EAEU, which will allow more flexible regulation of this issue (currently these norms are established by an international treaty).

In 2015–2016 international cooperation of the EAEU significantly increased. In addition to the successful work on the conclusion of the FTZ agreement with Vietnam, decisions were made to start negotiations on the conclusion of FTZ agreements with Egypt, Israel, India, and Singapore, on the unification of the preferential trade mode with Serbia, and on shifting to preferential trade mode with Iran.

In addition, in 2015–2016 the signing of a Memorandum on Cooperation was also actively implemented as the format of cooperation with third countries. The EEC concludes memoranda of understanding and cooperation with foreign countries, regional associations, and international organizations, and as practice shows, this is the most acceptable format for institutionalizing international cooperation.

The purpose of the work in the memorandum format is to create a platform for comprehensive assistance in the development of trade and economic cooperation, identification and removal of barriers to trade.

As the experience of the EEC shows, memoranda make it possible to formalize the dialogue on the economic agenda with regard to issues transferred in the Union to the competence of the Commission, as well as to identify the main economic interests of the parties.

Within the framework of memoranda, mechanisms such as working groups for cooperation between the EEC and third-country governments have been developed. Via interaction in working groups, the parties get an additional opportunity to discuss a wide range of issues on the economic agenda. This refers to the full range of non-tariff barriers and other issues related to the access of goods of the partner state to the market of the EAEU, including the adaptation of products supplied to the countries of the Union with norms and standards for technical regulation, veterinary and phytosanitary control. In 2015–2016, the EEC signed Memoranda of Understanding with the governments of Mongolia, Chile, Peru, Singapore and the Kingdom of Cambodia.

2016 was to a certain extent a landmark for the Eurasian Economic Union, as it was distinguished by the adoption of a number of systemic measures. The Customs Code of the EAEU was adopted. 12 Eurasian technological platforms were formed. The “Digital Agenda” was added in the activities of the EAEU. Events in the format of business dialogues, seminars for representatives of industry associations, business circles and individual representatives of the business community to discuss the practical issues of trade policy of the Union in detail were held on a regular basis under the chairmanship of the Minister for Trade of the EEC in the territory of the EAEU countries and abroad. On January 1, 2015, in order to increase the openness, objectivity and economic validity of EEC decisions, the impact assessment procedure of draft EEC decisions on business conditions was introduced in the work of the Commission.

#### *Statistical data (2015–2016):*

In 2016, the total volume of foreign trade in goods of the Member States of the EAEU amounted to USD 509.4 billion. Compared to 2015 (USD 579.4 billion), the value of the indicator decreased by 12.1%.

Export of goods from 2015 to 2016 decreased by 17.5% and amounted to USD 308.3 billion, while imports in the same period decreased by only 2.14% and amounted to USD 201.1 billion.

The total volume of mutual trade in 2016 decreased by 5.8% compared to 2015 and amounted to USD 43.0 billion.

### **7.3. Early 2017 Trends**

The most important decisions of the first half of 2017 were:

- SEEC Decision “On the main macroeconomic policy guidelines of the Member States of the Eurasian Economic Union for 2017–2018”.

- The Decision of the EIC “On approval of the action plan (“road map”) for the implementation of the main directions and stages of agreed (coordinated) transport policy of the Member States of the Eurasian Economic Union in terms of air transport for 2018–2020.
- The Decision of the EIC “On approval of the action plan (“road map”) for the implementation of the main directions and stages of agreed (coordinated) transport policy of the Member States of the Eurasian Economic Union for 2018–2020”.
- The Decision of the EIC “On the procedure for coordination of joint research and development in the area of the agriculture of the Member States of the Eurasian Economic Union”.
- Publication of the “White Book of Obstacles” – the report “Barriers, Exemptions, and Restrictions of the EAEU”.
- EIC Decree “On the spheres of the economy with integration potential in the Eurasian Economic Union and measures aimed at its use”.
- The Decision of the EEC Council “On monitoring the market of industrial products within the framework of the Eurasian Economic Union”.
- The Decision of the EEC Council “On technical regulations of the Eurasian Economic Union” On requirements for fire safety and fire extinguishing means”.
- The Decree of the EEC Council “On the Acts of the Eurasian Economic Commission on Regulation of Common Markets of Medicines and Medical Products within the Eurasian Economic Union”.
- The Decision of the EEC Council “On the Technical Regulations of the Eurasian Economic Union” On the Safety of Equipment for Children’s Playgrounds”.
- The Decision of the EEC Council “On Technical Regulations of the Eurasian Economic Union” On the Safety of Chemical Products”.

#### Key events in 2017:

The Eurasian Economic Commission analyzed all the obstacles on the domestic market and prepared a report on Barriers, Exemptions, and Restrictions of the Eurasian Economic Union (the so-called “White Book of Obstacles”), which was published on the official website of the EAEU on March 31, 2017, and contains information on obstacles in the internal market of the Union and also analyzes the mechanisms that contribute to effective removal of these obstacles.

In April 2017, liberalization plans entered into force, according to which from 2019 to 2021, 20 service sectors will be transferred to the format of a single market of services, including dangerous construction works, tourism, assessment, geodetic surveying and scientific research.

On April 11, 2017, the Agreement on the Customs Code of the Eurasian Economic Union was signed. It is planned that the Customs Code of the EAEU will come

into force on January 1, 2018 following completion of the necessary domestic procedures by all Member States.

In May 2017, the single (common) markets for medicines and medical products began to operate in the EAEU.

In 2017, the digital agenda became one of the central topics in the work of the Eurasian Economic Commission and in all the countries of the EAEU. By December 1, 2017, the governments of the EAEU countries together with the Eurasian Economic Commission were instructed by the Supreme Eurasian Economic Council to develop and submit for consideration by the Eurasian Intergovernmental Council the Main Directions for the implementation of the EAEU digital agenda until 2025, which were approved by the SEEC on October 11, 2017.

Within the development of international relations, the EEC continues to work on assessing the feasibility of signing further FTZ agreements. The negotiations on the agreement on the FTA with Iran are still ongoing. On October 1, 2017, China and the EAEU announced the completion of negotiations on the Agreement on Trade and Economic Cooperation. Work continues on the integration of the Eurasian Economic Union and the Silk Road Economic Belt, as well as interaction formats with other integration associations, such as the EU, ASEAN, Mercosur, etc.

Memoranda of understanding between the Commission and the governments of Jordan, Morocco, Moldova and Greece (in the declaration format) have been signed. Similar documents with the governments of Cuba, Thailand and Bangladesh are in the final stage. Joint work group meetings with Singapore, Chile, Cambodia, Mongolia and Moldova were held in the memorandum framework. Joint business forums have been organized in Greece, Moldova and Mongolia, and a business forum in Cambodia is also scheduled.

Cooperation with regional integration associations also expanded in the memorandum format. A Memorandum with the Andean Community was signed. The issues of cooperation between the Commission with the CIS, SCO, Mercosur, ASEAN and the African Union, as well as a number of other associations, are being discussed. The establishment of a constructive dialogue with the European Union is continuing.

The discussion on the issues of interaction between regional integration associations was intensified at key international venues.

**Read more:**

1. Eurasian Economic Commission / Integration and Macroeconomics.  
URL: [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/Pages/default.aspx](http://www.eurasiancommission.org/ru/act/integr_i_makroec/Pages/default.aspx)
2. Eurasian Economic Union. Facts and Figures. Moscow, 2017.
3. Eurasian Economic Union: New Reality. New Opportunities / edited by T.D. Valova. Moscow, 2017.
4. Eurasia: from Idea – to Integration. Moscow: EEC, 2015.

5. Main Directions of EAEU International Activity for 2015–2016 (approved by the Decision of SEEC No.26 as of October 16, 2015).
6. Main Directions of EAEU Economic Development until 2030. Eurasian Economic Commission. Moscow, 2015.
7. T.D. Valovaya summarized the results of the Eurasian Economic Union activities in 2016 URL: <http://www.eurasiancommission.org/ru/nae/video/Pages/default.aspx?videoid=317>

## Lecture 8. EAEU Development Prospects up to 2025: Control Points, Analysis, and Forecasting

### 8.1. Control points until 2025

The control points of the development of the EAEU until 2025, as defined by the Treaty on the Union:

#### **Establishment of the common electric power market of the EAEU:**

- concept development by July 1, 2015 (approved)
- approval of the program for the establishment of a common electric power market until July 1, 2016 (approved)
- implementation of the program until July 1, 2018.
- signing of an international agreement on the establishment of a common electric power market and its entry into force no later than July 1, 2019.

#### **Establishment of the common gas market of the EAEU:**

- approval of the concept before January 1, 2016 (approved)
- approval of the program for the establishment of the common gas market until January 1, 2018.
- implementation of the program until July 1, 2024.
- signing of an international agreement on the establishment of a common gas market and its entry into force no later than January 1, 2025.

#### **Establishment of the common market of oil and petroleum products of the EAEU:**

- approval of the concept before January 1, 2016 (approved)
- approval of the program for the establishment of a common market for oil and petroleum products by January 1, 2018.
- implementation of the program until January 1, 2024.
- signing of an international agreement on the establishment of a common gas market and its entry into force no later than January 1, 2025.

#### **Establishment of the common financial market of the EAEU:**

- Order of the Presidents of the EAEU Member States to develop a concept – December 26, 2016, Decree of the Supreme Eurasian Economic Council No. 9
- development of the concept of establishment (2017–2018).
- approval of the concept until the end of 2018.
- implementation of key measures for the establishment of a common financial market until 2025, and continue the work, as appropriate.

### 8.2. Long-term documents of the EAEU

In October 2015, at a meeting of the Supreme Eurasian Economic Council, the Presidents of the five Union states approved the **Main Directions of the Economic Development of the EAEU up to 2030** – a fundamental document assessing the integration potential of Member States, determining the further development of

Eurasian integration, the coordination of national economies and the enhancement of competitiveness. The document was the result of reflection on the experience of successful integration associations, national strategies and development plans of Member States, lessons learned from the crisis, the current regional and global situation, the prospects for the development of the current leading countries, their potential competitors, and the positions of the business community and expert circles.

The main goal of the **Economic Development of the EAEU up to 2030** is defined as the achievement and maintenance of quality and sustainable economic growth of the Member States and the Union as a whole through the realization of their competitive advantages.

In order to achieve this goal, a number of tasks have been set:

- promote the achievement of national long-term and medium-term goals for enhancing the sustainability and competitiveness of member economies;
- create additional sources of economic development based on the implementation of competitive advantages of the Member States and the Union as a whole;
- increase mutual openness and the importance of the economies of Member States by removing barriers and minimizing restrictions and exemptions for the free movement of goods, services, capital and labor;
- promote strengthening of the positions of Member States in the market of third countries and in international organizations.

Successful implementation of these tasks by 2030 should provide a synergistic effect and additionally increase EAEU GDP by USD 210 billion in current prices. The projected effect of EAEU membership for Member States is estimated as up to 13% additional GDP growth. The additional inflow of direct foreign investments from third countries amounts to USD 90 billion. In general by 2030, the successful results of EAEU economic development should demonstrate the world-level competitiveness of the integration association.

Long-term documents published in certain areas are as follows:

- The concept of establishing the common electric power market of the Eurasian Economic Union; Decision of the Supreme Eurasian Economic Council No. 12 as of May 8, 2015.
- The concept of establishing a common gas market of the Eurasian Economic Union; Decision of the Supreme Eurasian Economic Council No. 7 as of May 31, 2016.
- The concept of establishing common markets for oil and petroleum products of the Eurasian Economic Union; Decision of the Supreme Eurasian Economic Council No. 8 as of May 31, 2016.

See also long-term strategic documents which are currently under development: The concept of establishing a common financial market of the EAEU; Order No. 9 of the Supreme Eurasian Economic Council as of December 26, 2016.

The main directions of the “single window” mechanism development in the system of foreign economic activity regulation; Decision No. 68 of the Supreme Eurasian Economic Council as of May 29, 2014.

### **8.3. Short- and medium-term documents of the EAEU**

The Commission together with the Member States annually prepares the Main Directions for Macroeconomic Policy and submits them for approval to the Supreme Eurasian Economic Council.

The Main Directions are based on the analysis of the current economic situation and national economic policy measures in all Member States, take into account the main foreign economic risks for the development of our economies, and the forecasts of the leading international organizations for the short and medium term.

The document has a year-long validity period and was adopted by the Supreme Eurasian Economic Council five times already – in 2013, 2014, 2015, 2016 and 2017.

The main benchmarks for macroeconomic policy of the Member States for 2013–2014 and for 2014–2015 was to create conditions and implement exact measures to achieve economic growth through the use of integration potential and competitive advantages of Member States in the areas of industrial, agricultural, energy, transport and trade policies. Efforts are envisioned to develop and protect competition and improve the business climate. Particular attention was paid to ensuring macroeconomic stability and development of the credit and financial system.

The main benchmarks for 2015–2016 and 2016–2017 had a distinct anti-crisis orientation and included joint priority anti-crisis measures to stabilize and support the economy. Their implementation was aimed at restoring the economies of Member States and creating conditions for sustainable development using the advantages of economic integration. An important role was assigned to the activation of mutual trade and the development of the internal market of the Union.

In 2017–2018 the most important task for the Member States was to create conditions for effective economic development and transition to sustainable economic growth by implementing measures to improve the macroeconomic situation, encouraging the corporate sector to increase investment in fixed assets, increasing the added value created in the Union and developing non-primary exports.

To monitor the implementation of the Main Directions for Macroeconomic Policy, an annual list of activities is adopted. It contains recommendations to Member States on implementation of the provisions of the adopted document, the actions of the Commission on their implementation, as well as the expected economic effect from their implementation. The annual cycle of implementation of the Main Directions is completed with the preparation of a relevant report, which also forms the basis for the preparation of a new program document.

#### 8.4. Forecast and expert assessments of the future of the EAEU

In order to coordinate the implementation of the agreed macroeconomic policy by the Member States, the Eurasian Economic Commission prepares short-, medium- and long-term forecasts of the economic situation.

*Short-term forecasting tools* of the Commission enable prediction of the dynamics of the key macroeconomic indicator (GDP) for a period of up to six months. To analyze macroeconomic dynamics for the *medium-term* period (up to three years), medium-term forecasting tools based on structural models of the economies of the Member States are used. Application of these tools enables consistent forecasted trajectories of the main macroeconomic variables on a quarterly basis.

Analysis of economic indicators in long-term dynamics (10 years or more) implies forecasting the scenarios of macroeconomic variables, given that the long-term dynamics of variables is influenced not only by national factors (adopted national strategic documents) and effects of mutual influence, but also by integration potential and the effectiveness of integration activities.

The Department for Macroeconomic Policy calculates the leading indicators of economic development of the Member States.

These indicators characterize *short-term development prospects*, taking into account the processes occurring in various sectors of the economy, as well as the expectations of economic agents. To improve the sustainability of the results, the leading indicators for each country are combined into one composite leading indicator (CLI).

For example, it was concluded that economic activity in the Member States in the short term will maintain positive dynamics, based on the congruent and leading indicators for the Member States (according to the data as of July, 2017). The economies of Armenia, Kazakhstan and Kyrgyzstan will continue to grow at high rates. At the same time activity in Kazakhstan has not yet reached the figures indicated before the economic downturn. In Belarus and Russia, as the indicators show, the economy will be at a level close to the current one, and growth rates will remain low compared to other EAEU countries. The website of the Commission contains materials and methodology for calculating short-term forecasts.<sup>15</sup>

The forecast for the main indicators of the economic development of the Member States in the *medium term* is one of the key analytical materials provided by the Department for Macroeconomic Policy of the Eurasian Economic Commission. The forecast is generated quarterly in cooperation with the Eurasian Development Bank. The preparation of the forecast leads to deeper understanding of the current socioeconomic status of the Member States, through discussion of the dynamics of the foreign market and risks, assessment, simulations and model research.

<sup>15</sup> EEC. URL: [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_makroec\\_pol/economyPrognoz/Pages/Krat\\_prog.aspx](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_makroec_pol/economyPrognoz/Pages/Krat_prog.aspx)

Forecast for the main indicators of economic development of Member States for 2017–2019 was prepared in April–May 2017. The key assumptions for this medium-term forecast for 2017–2019 were the gradual recovery of global economic growth in 2017–2019, stabilization of prices in the oil market and the restoration of the economies of commodity-exporting countries, the slowdown in the growth of economies of the eurozone and China, growth acceleration in the economies of the United States and the rest of the world, and their recovery after a cyclical downturn.

Features of the medium-term forecast preparation for the Member States:

1. Use of model research that takes into account trade and financial interrelations among the Member States, as well as changes in mutual exchange rates. As a result, the change in aggregate demand in one state has an impact on demand and the economic growth rate in other Member States.
2. Use of common prerequisites underlying the forecast (changes in prices for key export goods, growth rates in the world's largest economies, state of the world economy, exchange rates and interest rates).
3. Open procedure for interaction with Member States. Key prerequisites and assumptions of the forecast are agreed upon, and the results of the forecast round are discussed with representatives of authorized bodies.

The website of the Commission provides information on the materials and methodology for calculating medium-term forecasts.<sup>16</sup>

Three possible long-term scenarios for the development of the EAEU were developed within the long-term planning framework.

The scenario “**center of power of its own**” presupposes the formation of conditions for the consistent creation of a center for the attraction of innovations, investments and highly skilled staff in the territory of the EAEU, which will allow the export of high value-added products competitive on world markets.

The implementation of this scenario will promote the increase in the share of Member States in the world economy through the production and sale of competitive products in domestic and foreign markets, diversification of exports and the growth of non-oil and gas exports, reduced dependency on imported goods and services from third countries, securing economies of scale, and improving the quality and living standards of the population. This scenario can be perceived as the most targeted and prospective for the Eurasian Economic Union.

Another scenario – the “**transit and raw material bridge**” – assumes the maximum possible use of the geographic location of the EAEU and the existing raw material base. The incentive to deepen integration here can be the interaction of regional “centers of power” – the European Union and the Asia-Pacific region, in which the Eurasian space becomes economically acceptable for the transportation of natural resources and transit of goods, as well as for the development

<sup>16</sup> URL: [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_makroec\\_pol/economyPrognoz/Pages/Sred\\_prog.aspx](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_makroec_pol/economyPrognoz/Pages/Sred_prog.aspx)

of processing industries near the transport routes. This scenario is possible if the existing raw material orientation of the economies of the EAEU countries is preserved, providing transport corridors development and the use of transit potential.

The third scenario is the “**extended status quo**”. This scenario is possible within the existing integration framework, providing the roles of national economies. Within this scenario, the achieved integration agreements are being realized, though new barriers, exemptions and restrictions appear. There is only a slight increase in the mutual trade.

According to experts, an optimistic scenario for the development of Eurasian integration is possible only with the activation of cooperation in key sectors of the economy and the creation of new products and market niches. Eurasian integration is developing in the context of tough international competition and an aggressive environment. Therefore, it is also important to create an effective system for protecting the internal market of the EAEU from external competition.

In the long term, policy coordination in key economic sectors within the EAEU framework will create the necessary conditions for the manifestation of integration effects:

- reduction of inequality between countries;
- adaptation of integration to the global economy;
- securing «classical» economic freedoms;
- increasing the competitiveness of economies.

Due to integration, new market segments will be created, trade and economic cooperation will be strengthened, mutual trade in intermediate goods will increase, exports will grow and the share of imports will decrease.

In the long term, the EAEU should be actively represented in the emerging system of “integration of integrations” – in solving and interacting on global issues at the level of integration associations of the world. This will create a certain “margin of safety” and strengthen the economic basis of the Eurasian Economic Union.

The website of the Commission provides information on the materials and methodology for calculating long-term forecasts.<sup>17</sup>

#### **For reference:**

Long-term forecast of economic development of the Eurasian Economic Union to 2030. Moscow, 2015

### **8.5. Challenges and risks**

**Global risks.** The main economic risks and challenges, the implementation of which can affect the economic development of Member States and the Union as a whole, are the instability of the world economy and the activity of its main

<sup>17</sup> URL: [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_makroec\\_pol/economyPrognoz/Pages/Sred\\_prog.aspx](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_makroec_pol/economyPrognoz/Pages/Sred_prog.aspx)

actors. In the medium term, the centers of economic development are expected to shift to China and India, which will affect the direction of international trade and investment flows. Asia secures the status of the main global production site.

The model based on the export of raw materials of the largest economies of the Union (Republic of Kazakhstan and the Russian Federation), which constitute 95.5% of the GDP of the EAEU, determines the main trend of the development of the Union and is strongly dependent on the price dynamics in global commodity markets.

**Regional risks.** Significant risks to integration association development include the exhaustion of primary integration effects achieved in the first years of the EAEU by eliminating customs barriers and the period of formation of new drivers of economic growth. In addition, the persistence of non-tariff barriers has an extremely negative impact on the integration process.

A major drawback is that the economies of Member States have not undergone any significant structural changes. Substantial disproportions remain in the levels of economic development of Member States, which results in a different degree in the intensity of reaction to the opportunistic changes in global markets. As a result, the external sustainability of some Member States is increasing, whereas for others it is decreasing. Therefore, it is important to develop processes aimed at enhancing macro-stability and competitiveness.

The Commission defines the following groups of trends and challenges for the economic development of the EAEU:

- Common global trends, challenges and risks: new centers for economic growth, increased global competition, reduction in commodity and geographical markets, new technologies for economic solutions, crisis in commodity markets and technological shifts;
- National challenges and development restrictions: growth of negative trends, infrastructure, institutions, finances and exhaustion of traditional competitive advantages (mainly orientation to raw materials);
- Restrictions related to the external partners: poorly diversified structure of the economy, limited range of exports, low share of high-tech products in exports, average level of business confidence and limited fiscal stimulus to improve global competitiveness;
- Restrictions related to internal development: competition on the same group of goods, difference in the scale of economies, comparable level of technical development, limited “development budgets”, tools and opportunities to attract bank financing, and poor infrastructure.

## 8.6. EEC main objectives in the medium term

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

The main objectives of the EEC in the medium term are:

- ensuring transboundary freedom of movement of goods, services, capital and labor within the Union;
- improvement of the norms of the EAEU Agreement as of May 29, 2014, and development of the EAEU law;
- implementation of the Main Directions of the International Activity of the EAEU, development of proposals for outreach activities of the Union and fostering cooperation with partners from different regions of the world, expanding access to the markets of third countries and establishing trade regimes with priority partners;
- creating conditions for increasing the internal sustainability of the economies of Member States, including macroeconomic stability, as well as resistance to external influences; ensuring sustainable development of the economies of Member States, using the integration potential of the Union and the competitive advantages of each Member State;
- further improvement of the customs legislation of the EAEU, as well as ensuring a uniform practice of its application; development of advanced technologies in the Common Customs Area of the Union, such as single window mechanism in the system of regulation of foreign economic activity of Member States, the institution of an authorized economic operator, a system for identifying participants in foreign economic activities, etc.;
- creation of a modern regulatory framework in the area of technical regulation, establishment of appropriate conditions for ensuring product safety in the market of the EAEU states, enhancing the competitiveness of business and the standard of living of citizens of the countries of the Union;
- use of customs-tariff and technical regulation tools to promote diversification of the economies of the Member States in full compliance with the rules of the World Trade Organization;
- increase the competitiveness of the EAEU goods and simplify access to third country markets, form joint projects to promote the goods of the Union;
- implementation of adequate measures to protect the domestic market and counter anti-competitive practices of trading partners from third countries;
- further coordinated energy policy in the countries of the Eurasian Economic Union aimed at formation of common markets for electricity, gas, oil and petroleum products;
- implementation of coordinated (agreed) transport policy of the Member States aimed at ensuring economic integration, and the gradual and phased formation of the single transport space of the EAEU;
- implementation of the Main Directions of Industrial Cooperation within the EAEU, formation of technological platforms in the scientific and technical, innovation and production areas, acceleration and increase of sustainability of industrial development, increasing competitiveness, implementation of effective cooperation aimed at growth of innovation activity, and removal of barriers in the industrial sphere;

- creation and maintenance of Eurasian networks: industrial cooperation and subcontracting, as well as transfer of technologies;
- development and improvement of the common market for medicines and medical products of the EAEU;
- implementation of an agreed agricultural policy aimed at effective realization of the resource potential of the EAEU countries, meeting the needs of the common agrarian market, reducing import dependence and increasing export potential;
- monitoring compliance with the general principles and rules of competition in the transboundary markets of the EAEU and suppressing anticompetitive agreements, abuse of dominant position and unfair competition;
- development of the integrated information system of the EAEU and transboundary space of trust;
- implementation of the EAEU digital agenda, formation of single digital space of the EAEU to strengthen the digital sovereignty of the Union and create an enabling environment for the development of entrepreneurship;
- establishment of the common financial market of the EAEU and defining the main directions of its formation, developing the Concept of creation of the common financial market;
- ensuring the effective functioning of the single labor market and the development of social security system for workers in the EAEU, including preparation of the Agreement on pension provision for workers of Member States;
- conducting an agreed policy in the area of intellectual property;
- development of regulatory and legal acts to ensure sanitary and epidemiological well-being, phytosanitary quarantine and veterinary-sanitary safety of the EAEU territory, scientific justification for the application of SPS measures, assessment of relevant risks, compliance with the proportionality of restrictive measures and the removal of unjustified administrative barriers to trade;
- further harmonization of legislation ensuring consumer rights.

### **8.7. Deeper integration and potential for further development of the EAEU**

The processes of Eurasian integration in 2010–2016 became an integral part of the economic development of the EAEU countries, a stimulating factor for the development of certain sectors and spheres of the economies of the Member States, and helped to increase the stability of the economies of Member States and mitigate the consequences of unfavorable external economic conjuncture.

A special role in deepening integration processes is played by the establishment of common markets in the EAEU. A single market of services has been operating since January 1, 2015, common markets for medicines and medical products have been launched in 2017, and a coordinated energy policy which includes the establishment of a common electricity market by 2019 and a common market of gas, oil and petroleum products by 2025.

In addition, the creation of a supranational authority for regulating the financial market is planned for 2025, while the forthcoming step-by-step liberalization of

transportation in the territory of the Union is no less significant. Active, systematic work is carried out to remove barriers, reduce exemptions and restrictions. This is one of the key activities of the EEC and the most important factor for deepening integration.

Further deepening of integration depends on the activity of the EAEU at the international level. Negotiations on the establishment of an FTZ with Iran, Israel, India, Serbia, Egypt and Singapore are currently under way.

Meanwhile, the primary positive effect from the formation of a single market has to be developed through the removal of all barriers and the formation of an innovative image of the economy of the association. In this regard, it is necessary to implement urgent measures to develop cooperation in science and production.

The scale of economic effects for Member States will directly depend on the degree and depth of the integration processes. The pace of removing the barriers and minimization of exemptions and restrictions can contribute to the accelerated growth of mutual trade and mutual investments; high level of coordination in industry, agriculture and transport will create additional incentives for the development of certain spheres of the economy; and the degree of harmonization of legislation and unification of business conditions in the territory of the Union will create favorable investment and entrepreneurial climate.

The implementation of the digital agenda of the EAEU until 2025 will accelerate the transition of economies to a new technological structure, ensuring high-quality and sustainable economic growth, developing innovations, increasing the efficiency of economic processes and increasing the competitiveness of the economies of the Member States.

However, in order to deepen the integration, it is necessary to further harmonize the position of Member States, improve the legislative and legal base of the EAEU, accelerate the decision-making process in the EAEU and increase the role of the EEC.

The importance of upgrading the usual management models was noted by the Chairman of the Board of the Eurasian Economic Commission, Tigran Sargsyan, at the opening ceremony of the International Eurasian Week Forum of the Union countries on August 24, 2017, in Astana, Kazakhstan.

*“Advances in science and technology accelerate the pace of changes, while our management systems are late: with decision-making, with adaptation, with promotion of new rules and so forth,”* the Chairman said.

*“But the EAEU gives us a chance to solve this challenge,”* he continued. *“Supra-national bodies will become more modern and will manage the trends rather than forming any man-made unachievable systems. Then all these processes will move faster and we can create favorable conditions both for citizens and for business.”*

During the discussion at the plenary session “Competitiveness in the changing world: new models, technology, management forms”, Mr Sargsyan also raised

the subject of barriers and restrictions on the common market of the EAEU. *“In the next five years, we first need to deepen integration, removing barriers,”* he believes. The first task of the Eurasian Economic Commission as part of the work to reduce barriers on the common market of the Union is the achievement of agreements between the EAEU countries that they exist. *“Following this we develop a road map how to remove barriers, exemptions, restrictions (the so called White Book) together to ensure our common markets functioned properly,”* Mr Sargsyan said.

Tigran Sargsyan points out six key activities of the EEC that contribute to the development and deepening of Eurasian integration:

- rapprochement of the levels of economic development of the EAEU countries;
- formation of common markets, removing obstacles in the internal market of the EAEU;
- digitization of the economic space of the EAEU;
- creation of transport corridors and logistics infrastructure;
- foreign economic cooperation;
- “household Integration” is providing the citizens of the EAEU countries with the opportunity to fully realize their intellectual potential and professional skills, as well as social guarantees and rights.

Further economic prospects for the development of the Eurasian Economic Union will be formed under the influence of external factors.

The EAEU should be actively represented in the current system of “integration of integrations” – the system for interaction and solving global issues at the level of integration associations. Should the use of available resources and the current competitive advantages of the Member States be envisioned in the short and medium term, the long-term development of the EAEU will be guided by competitiveness in the world economy.

#### **Read more:**

1. Interview with the Chairman of the Board of the Eurasian Economic Commission, Tigran Sargsyan.  
URL: <https://www.youtube.com/watch?v=YoKhRSxEGNo>
2. Long-term forecast of economic development of the Eurasian Economic Union to 2030. EEC. Moscow, 2015.
3. Eurasian Economic Union. Facts and Figures. Moscow, 2017.
4. Eurasian Economic Union: New Reality. New Opportunities / edited by T.D. Valova. Moscow, 2017.
5. Eurasia: from Idea – to Integration. Moscow: EEC, 2015.
6. Main Directions of EAEU Economic Development until 2030. Eurasian Economic Commission. Moscow, 2015.

7. Chairman of the Board of the Eurasian Economic Commission, Tigran Sargsyan about removing barriers and restrictions on EAEU internal market.  
URL: <https://www.youtube.com/watch?v=ayumCShwc-E>
8. Forecast of the main indicators of EAEU Member States economic development in 2017–2019.  
URL: [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_makroec\\_pol/economyPrognoz/Documents/forecast\\_report\\_I\\_2017.pdf](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_makroec_pol/economyPrognoz/Documents/forecast_report_I_2017.pdf)
9. Economic Development Strategy of EAEU.  
URL: [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_makroec\\_pol/seminar/Pages/default.aspx](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_makroec_pol/seminar/Pages/default.aspx)

# Glossary of Terms

**Agreed policy** – policy implemented by the Member States in various areas suggesting the harmonization of legal regulations, including on the basis of decisions of the bodies of the Union, to the extent required to achieve the objectives of the Union under this Treaty.

**Barrier** – obstacles to the free movement of goods, services, capital and labour in the domestic market of the Union in violation of EAEU legislation.

**Classifier** – a systematic, structured and codified list of names of classification items.

**Clearing** – non-cash payments between companies or countries for the delivered goods (services, securities) in the form of a mutual offset of claims. Bilateral clearing is actually barter, i.e. a natural exchange without payment of money.

**Common Customs Tariff of the Eurasian Economic Union (CCT EAEU)** – a set of rates of customs duties applied to the goods imported from third countries into the customs territory of the Union, as classified in accordance with the Single Commodity Nomenclature of Foreign Economic Activity of the Eurasian Economic Union.

**Common economic space** – the space consisting of the territories of the Member States implementing similar/comparable and uniform economy regulation mechanisms based on market principles and the application of harmonized or unified legal norms, and having a common infrastructure.

**Common gas market of the EAEU** – the aggregate of trade and economic relations of the economic entities of Member States in the sphere of gas transportation and supply between them.

**Common market of oil and petroleum products of the EAEU** – the aggregate of trade and economic relations of the economic entities of Member States in the spheres of production, transportation, supply, processing and marketing of oil and petroleum products in the territories of the Member States in the quantity satisfying the needs of Member States.

**Common policy** – policy implemented by the Member States in certain spheres as specified in this Treaty and envisioning the application of unified legal regulations by the Member States, including on the basis of decisions issued by bodies of the Union within their powers.

**Coordinated policy** – policy implying cooperation between the Member States on the basis of common approaches approved within bodies of the Union and required to achieve the objectives of the Union under this Treaty.

**Court of the Eurasian Economic Union** – the permanent judicial body of the Union.

**Currency restrictions** – legislative or administrative restrictions on transactions with foreign exchange, gold and other currency values (estate, securities).

According to the agreement on the EAEU, each of the Member States in exceptional cases (if the situation can not be resolved by other measures of economic policy) is entitled to impose currency restrictions for a period of not more than one year. Most often, currency restrictions are aimed at attracting currency into the country and keeping its outflow abroad.

**Customs duty** – a compulsory payment levied by the customs authorities of the Member States in connection with the importation of goods into the customs territory of the Union

**Customs Union** – a form of trade and economic integration of the Member States envisioning a common customs territory, within which no customs duties (other duties, taxes and fees having equivalent effect), non-tariff regulatory measures, safeguard, anti-dumping and countervailing measures shall be applied to the mutual trade, while applying the Common Customs Tariff of the Eurasian Economic Union and common measures regulating foreign trade with a third party.

**Digital platform of the EAEU** – a digital platform that implements access of interested parties to digital assets of the EAEU, state and certified private digital services within the digital space of the EAEU, which ensures operation of industry digital platforms, integration with digital platforms of other countries and integration entities, built on the basis of a unified architecture (model) of the EAEU.

**Digital space of the EAEU** – a combination of social mechanisms, business relations and common markets utilizing digital technologies and digital infrastructure that form and operate digital assets.

**Electronic communications** – a method of information exchange based on the application of information and communication technologies.

**Electronic document** – a document in electronic form certified by a digital signature (e-signature) and meeting the requirements of the common infrastructure for documenting information in electronic form.

**Economic integration** (lat. Integratio – whole, entire) – the process of interpenetration, the fusion of national economies into a single economic complex based on sustainable economic ties at the micro and macro levels.

**Economic resources** – factors of production of economic goods – natural, human, and industrial resources, that are used for the production of goods and services.

**Eurasian Economic Commission (EEC)** – the permanent regulatory body of the Eurasian Economic Union.

**Eurasian Economic Union (EAEU)** – international organization of regional economic integration with international legal personality, established by the Treaty on the Eurasian Economic Union.

**Exemption** – an exception (derogation) provided by the law of the Union regarding the non-application by the Member State of general rules for the functioning of the EAEU internal market.

**Free Economic Zone (FEZ)** – specially allocated territory with preferential cus-

toms, tax and currency regimes, which encourages the inflow of foreign investment, joint business activities and development of export potential.

**Free-trade zone (FTZ)** – a form of international economic integration, according to which trade restrictions between member countries of the integration association are abolished and customs duties and quotas are reduced or canceled. In this case, each of the members maintains its own trade regime in relation to third countries.

**Import substitution** – reduction or termination of the import of a certain product through production, release of the same or similar goods in the country. Such goods are called import-substituting.

**Integrated information system of the EAEU** – a set of geographically distributed state information resources and information systems of authorized authorities, information resources and information systems of the Commission, combined by the national segments of the Member States and the integration segment of the Commission.

**Internal market of the EAEU** – the economic space with free movement of goods, labour, services and capital.

**International agreements of an Union with a third party** – international treaties concluded with third states, their integration associations, and international organizations.

**Investments** – investing money in any sphere of economic activity in order to obtain benefits (net income) in the future.

**Member States** – the states that are members of the Union and Parties to the Treaty on the EAEU.

**Protectionism** – a policy of the state, consisting in the purposeful shielding of the domestic market from goods manufactured abroad, i.e. the state policy aimed at promoting the domestic economy (domestic entrepreneurs), its protection from foreign competition, and expansion of foreign markets for domestic products.

**Restriction** – an obstacle to the free movement of goods, services, capital and labor within the internal market of the EAEU, arising from the lack of legal regulation of economic relations, whose development is provided for by the law of the Union.

**Single Commodity Nomenclature of Foreign Economic Activity of the Customs Union of the EAEU (FEACN of the CU)** – the Foreign Economic Activity Commodity Nomenclature based on the Harmonized System of Commodity Description and Coding of the World Customs Organization and the Common Foreign Economic Activity Commodity Nomenclature of the Commonwealth of Independent States.

**Single (common) market** – a set of economic relations within the Union ensuring the freedom of movement of goods, services, capital and labour.

**Third party** – a state which is not a member of the Union, an international organi-

zation or an international integration association.

**Trade balance** – the difference between the total import and export of the country; if exports exceed imports, with a surplus (asset) or deficit (liability).

**Transboundary space of trust** – a set of legal, organizational and technical terms agreed by the Member States in order to ensure confidence in the interstate exchange of data and electronic documents between authorized authorities.

# Topics for Seminars and Round-Table Discussions

## **Session 1. Regional Integration: from Theory to Practice of Development in the Context of Globalization.**

1. Essence, forms and objective prerequisites for economic integration.
2. Current trends in the development of international economic integration. Leading integration entities of the world.
3. Advantages and constraints of integration.
4. Major theoretical schools in the analysis of international economic integration.

## **Session 2. History of Eurasian Economic Integration.**

1. Integration and disintegration processes in the post-Soviet space after the collapse of the USSR.
2. The Eurasian Economic Community as a preparatory stage for the implementation of Eurasian integration. Legal basis of Eurasian integration.
3. Justification of the Eurasian Economic Union creation and the first practical steps (2011–2014).
4. The EAEU Treaty: adoption and main provisions.

## **Session 3. Bodies of the Eurasian Economic Union.**

1. General characteristics of the organizational structure of the EAEU.
2. The Supreme Eurasian Economic Council: functions, structure, calendar of meetings. The Eurasian Intergovernmental Council: functions, structure, calendar of meetings.
3. The Eurasian Economic Commission: structure, current members, main lines of activity.
4. The Court of the Eurasian Economic Union.
5. Mechanisms of interaction between the main bodies of the EAEU.

## **Session 4. Law, Categories, and Definitions of the Eurasian Economic Union.**

1. The EAEU law: general characteristics and distinctive features.
2. Treaty on the Eurasian Economic Union: main provisions of the document.
3. Treaty on the Eurasian Economic Union: categorical structure.
4. Types of documents of the bodies of the EAEU.
5. The Customs Code of the EAEU.

### **Session 5. Main Lines of Cooperation within the EAEU.**

1. Common (single) markets of the EAEU.
2. Cooperation of the EAEU countries in the implementation of common (agreed) policy.
3. Cooperation of the EAEU countries in economic sectors.
4. Digital agenda of the EAEU.

### **Session 6. Working principles of EEC as supranational institution**

1. EEC activity in the EURASEC period.
2. Working principles of EEC as a supranational institution
3. EEC Authority
4. The legislation in EEC and EAEU in general.

### **Session 7. Methods and Techniques for Integration Assessment.**

1. EEC statistics, analytics and forecasting.
2. Indicators of macroeconomic stability of the EAEU.
3. Integration indicators of the EAEU.
4. The place of the EAEU in world ratings.

### **Session 8. First Integration Results within the EAEU Framework.**

1. Results of integration in 2010–2014.
2. Results of integration in 2015–2016.
3. Trends of early 2017.

### **Session 9. EAEU Development Prospects up to 2025: Control Points, Analysis and Forecasting.**

1. Integration control points by 2025
2. Long-term documents of the EAEU.
3. Forecast and expert assessments of the future of the EAEU.
4. Main tasks for EEC in the medium term. Challenges for integration in the short, medium, and long terms.
5. Directions of integration development and potential for further development of the EAEU.

# Test Questions and Assignments

1. Characteristic features of modern integration processes.
2. Definition of regional integration.
3. Identify the main stages of the development of integration entities.
4. Prerequisites for the development of Eurasian economic integration.
5. History of establishment and main directions of cooperation within the framework of the EurAsEC.
6. The Agreement on the EAEU: the process of development and entry into force.
7. The economic potential of the EAEU Member States and the integration association as a whole.
8. General characteristics of the organizational structure of the EAEU.
9. Activity of the Supreme Eurasian Economic Council.
10. Eurasian Economic Commission: structure, functions and decision-making.
11. Which legal acts apply to the EAEU law?
12. What decisions are prioritised in case of contradictions between the decisions of the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council and the Eurasian Economic Commission?
13. Development, ratification and implementation of the Unified Customs Code of the EAEU.
14. Formation and functioning of the single market of services of the EAEU.
15. Prospects for the establishment of the common financial market of the EAEU.
16. Labor migration and the prospects for the formation of a single labor market.
17. Production potential of the EAEU Member States.
18. Main directions of industrial cooperation within the EAEU framework.
19. Main areas of cooperation in the agricultural sector.
20. Fuel and energy complex of the EAEU.
21. Prospect of creating a common electricity market and a common gas market.
22. Prospect of creating common markets for oil and petroleum products.
23. Implementation of an agreed (coordinated) transport policy.
24. Digital agenda of the EAEU.
25. Prospect of creating a transboundary space of trust.
26. Eurasian Economic Commission. Principles of work.

27. EEC authority.
28. Decision-making within the framework of the Eurasian Economic Commission and the organizational structure of the EAEU as a whole.
29. Statistical data of the EAEU.
30. Indicators of macroeconomic stability.
31. Potential integration effects.
32. Results of the Eurasian integration development in 2010–2014.
33. Results of integration within the EAEU framework in 2015–2016.
34. Tendencies of the integration development in the EAEU as of 2017.
35. Control points for the development of Eurasian integration until 2025 under the Treaty on the EAEU.
36. Projected estimates of the future of the EAEU: EEC position.
37. Forecast assessments of the prospects for Eurasian integration: position of the expert community.
38. Eurasian Economic Union: position and role in the world economy.
39. Challenges and risks for the short, medium and long term.
40. International cooperation in the EAEU activity.
41. Directions for deepening Eurasian integration and the potential for further development of the EAEU.

# Self-Instructional Materials

1. Analyze the advantages and disadvantages of the development of integration processes.
2. Identify the strongest and weakest aspects of integration within the framework of the following integration association (to choose from):
  - *The European Union (EU)*,
  - *North American Free Trade Agreement (NAFTA)*,
  - *Mercado Común del Sur, Southern Common Market (Mercosur)*,
  - *Association of South East Asian Nations (ASEAN)*,
  - *Caribbean Community (CARICOM)*,
  - *Union of South American Nations (UNASUR)*,
  - *The Central American Common Market (CACM)*,
  - *Common Market for Eastern and Southern Africa (COMESA)*,
  - *Economic Community of West African States (ECOWAS)*.
3. Conduct a comparative analysis of the speeches of the leaders of the founding countries of the EAEU on the project for the creation of the Eurasian Economic Union (Autumn 2011).
4. Analyze the basic principles of the functioning of the EAEU.
5. Prepare a content analysis of foreign publications on the creation of the EAEU. Answer the question: Why did the creation of the EAEU cause an information wave in the Western media?
6. Make a diagram of the organizational structure of the EAEU.
7. Make a timeline of SEEC meetings and analyze the agenda of SEEC meetings (at least two).
8. Analyze the structure and main provisions of the EAEU Treaty.
9. Analyze one of the international treaties of the EAEU with a third country.
10. Analyze the structure of the Customs Code of the EAEU.
11. Conduct a comparative analysis of the production potential of the EAEU Member States.
12. Analyze the main directions and objectives of industrial cooperation within the EAEU framework.
13. Analyze the conditions for the duration of stay and employment for the citizens of EAEU countries on the territory of the Russian Federation in comparison with the citizens of other CIS countries.
14. Analyze the state of development of the single window mechanism in the system of regulation of external economic activity of the EAEU countries.

15. Assess the potential of joint research and development in the agricultural industry of the EAEU.
16. Analyze food security in the EAEU countries and import substitution.
17. Analyze the prospects for creating Eurasian cross-sector digital platforms.
18. Analyze the process of forming public-private partnerships in the digital economy.
19. Analyze and assess the information portal “Functioning of Domestic Markets”.
20. Analyze the negotiation process between the EAEU and a third party on the establishment of an FTZ.
21. Study key macroeconomic policy benchmarks in 2015–2016 and 2016–2017.
22. Study the dynamics of international cooperation and expansion of international relations of the EAEU from 2015.
23. Make a scenario analysis of the development of the EAEU until 2025.
24. Analyze existing methods of assessing the effectiveness of regional integration.
25. Make a comparative analysis of the main economic indicators of the EAEU in 2015, 2016, 2017.
26. Make a comparative analysis of the international relations of the EAEU in 2015, 2016, 2017.

# Topics for Written Essay / Group Research Projects

1. Compile a chart to compare 20 leading integration associations, indicate the date of their creation, their prerequisites and their stage of development (FTZ, CU, EEC, EU, MU, PU).
2. Make a chart of the main stages of the development of economic integration (from FTZ to Political Union).
3. Make a comparative analysis of the prerequisites for the development of European and Eurasian integration.
4. Make a timeline of the development of Eurasian integration in the period from 1995 till present.
5. Make a comparative analysis of the organizational structure of the European Union and the Eurasian Economic Union; identify common features and characteristics.
6. Draw a diagram of the decision-making process in the EAEU.
7. Study the main activities of the EEC.
8. Study the procedure for preparation and execution of decisions and international acts.
9. Analyze the formats of interaction between the EEC and the business community of the EAEU countries.
10. Analyze relevant acts of the Supreme Eurasian Economic Council.
11. Analyze relevant acts of the Eurasian Intergovernmental Council.
12. Analyze relevant decisions of the Board of the Eurasian Economic Commission.
13. Analyze relevant orders of the Board of the Eurasian Economic Commission.
14. Analyze relevant recommendations of the Board of the Eurasian Economic Commission.
15. Analyze relevant decisions of the Council of the Eurasian Economic Commission.
16. Analyze relevant orders of the Council of the Eurasian Economic Commission.
17. Analyze relevant recommendations of the Council of the Eurasian Economic Commission.
18. Acts of the Court of the Eurasian Economic Union (analysis of appeals from a member state and/or an economic entity).

19. Make a comparative chart for the mutual trade turnover of the EAEU countries.
20. Describe the procedure for payment and transfer of export customs duties.
21. Describe the procedure for levying import duties and transferring them to the income of the budgets of the Member States.
22. Analyze the implementation of the “Main directions for the development of the single window mechanism 2015–2020”.
23. Analyze the prospects for the creation of a unified identification system for foreign trade operators (UISFTO) on the customs territory of the EAEU.
24. Assess the prospects for creating a single exchange space.
25. Labor migration and social security of workers in the Eurasian Economic Union.
26. Draw a map of industrial production in the territory of the EAEU.
27. Describe the essence and mechanism of the implementation of the Eurasian industrial cooperation and subcontracting network.
28. Development of objects of industrial-innovative structure of the EAEU.
29. Formation of the Eurasian technological platforms.
30. Establishment of the Eurasian Engineering Center.
31. Formation of the Eurasian Network to Transfer Technologies.
32. Self-sufficiency in agricultural products and prospects for entering the world market.
33. Study the first results of the implementation of the Strategy for the Development of a transboundary space of trust.
34. Concept of establishing a common electric power market: document analysis.
35. Concept of establishing a common gas market: document analysis.
36. Concept of common oil and petroleum products markets: document analysis.
37. Study the main activities of the EEC.
38. Study the procedure for preparation and execution of decisions and international acts.
39. Analyze the formats of interaction between the EEC and the business community of the EAEU countries.
40. Study the trends in the trade turnover of the member states of the EAEU in the last three years
41. Analyze the volumes and structure of exports/imports of the EAEU Member States.

42. Assess the amount of mutual investment and investment from third countries.
43. Analyze the main provisions of the FTZ Agreement between the EAEU and Vietnam.
44. Analyze the negotiation process between the EAEU and PRC.
45. Analyze the results of the meeting of the Eurasian Intergovernmental Council in Astana (August 14, 2017).
46. Event-analysis of Eurasian integration in 2017.
47. Content analysis of the national media of the EAEU countries on the implementation of the project of the EAEU.
48. Content analysis of foreign media on the implementation of the project of the EAEU.

# List of Information Sources and Bibliography

## Information Sources

1. Regional Integration Database: Methodology, Composition, and Indicators. Centre for Integration Studies. Saint-Petersburg, 2014.
2. Declaration on Eurasian Economic Integration  
URL: [http://news.kremlin.ru/ref\\_notes/1091](http://news.kremlin.ru/ref_notes/1091)
3. Treaty on the Eurasian Economic Union.  
URL: [https://docs.eaeunion.org/docs/ru-ru/0043610/itia\\_05062014](https://docs.eaeunion.org/docs/ru-ru/0043610/itia_05062014)
4. The concept of creating the single electric power market of the EAEU, the concept of the single gas market of the Eurasian Economic Union.
5. The concept of single markets for oil and petroleum products  
URL: <http://www.eurasiancommission.org/ru/act/energetikaiinfr/energ/Documents>
6. Lukashenko A.G. "About the Fate of Our Integration" // Izvestia. October 17, 2011. URL: <http://www.izvestia.ru/news/504081>
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