

EURASIAN ECONOMIC INTEGRATION: **FACTS AND FIGURES**

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FOREWORD
BY VIKTOR KHRISTENKO



DEAR COLLEAGUES,

We live in a time of major change. A new global economic architecture is emerging that is set to define development trends for decades to come. The recent crises prompted a global quest for new patterns of strategic development, and today a number of countries are looking to form and consolidate regional unions.

The Eurasian space is becoming such an area of consolidation. We are witnessing and participating in events that are destined to transform the world economic landscape. A Customs Union (CU) has been set up that unites Russia, Belarus and Kazakhstan, a Single Economic Space (SES) is in the process of creation, and we are moving towards formation of the Eurasian Economic Union by 2015. Supranational executive and judicial bodies are also being put in place. These actions represent a new approach to economic development.

It was in order to forge ahead with this immense project that an executive body, the Eurasian Economic Commission (EEC), was created. The Commission was mandated to coordinate implementation efforts at the executive level, following best international practices and working in the interests of all CU and SES member states.

We are determined to work openly and transparently, and to establish a practice of dialogue between interested parties concerning processes in the Eurasian space and our day-to-day activities.

The present booklet is the first of a series of publications by the Eurasian Economic Commission entitled The Library of Eurasian Integration. Evidently, such a booklet cannot claim to provide full and exhaustive information on every detail of the Eurasian project. Its aim, rather, is to give our partners some idea of our work and our objectives. By partners we

mean not only public officials and businessmen in our own countries, but also members of the expert community, journalists and the citizens of Belarus, Kazakhstan and Russia, who may look forward to new opportunities and a better quality of life thanks to our joint efforts.

We are opened to dialog and are committed to ensuring that this series of publications by the Eurasian Economic Commission is a relevant and useful source of information for all interested parties.

Viktor Khristenko
Chairman of the Board
Eurasian Economic Commission

SECTION I.

HISTORY OF EURASIAN INTEGRATION

THE PROCESS OF EURASIAN INTEGRATION DATES BACK MORE THAN 20 YEARS

The process of Eurasian integration dates back more than 20 years. Efforts to salvage the economic and business ties built over many decades in the Soviet Union began immediately after the break-up of the USSR.

The integration process was driven by the extensive ties between the new independent states in a range of economic sectors (industry, agriculture, transport and energy). The existence of a largely shared social and humanitarian space was also an important factor.

While the main priority for all the newly established states was to achieve full economic and political sovereignty, it was understood that economic development and improving living standards would be much more difficult to achieve unless ties were preserved.

On December 8, 1991 the presidents of Belarus, Russia and Ukraine met at Belovezhskaya Pushcha in Belarus and signed an agreement establishing the Commonwealth of Independent States (CIS). The agreement was endorsed by other former Soviet republics in Alma-Ata on December 21, 1991. In this treaty countries agreed to collaborate in developing

common economic space and set up principles of cooperation through coordinated institutions.

The goals were to create a common economic space based on a free trade area, and to sustain and develop economic and humanitarian cooperation. However, the objectives of the Commonwealth leaders did not and still do not envisage the creation of any integration group other than a free-trade zone.

On this basis, the countries that were prepared for closer economic cooperation began to consider new forms of integration. In 1995 Belarus, Kazakhstan and Russia set about establishing a customs union.

In 1996 Belarus, Kazakhstan, Russia and Kyrgyzstan signed the Treaty on Increased Integration in the Economic and Humanitarian Fields. The treaty set up basic goals in integration including creation of common markets for goods, services, capitals, labour and developing single transport, energy and information systems.

These agreements developed **in 1999** when Belarus, Kazakhstan, Russia, Kyrgyzstan and

Tajikistan signed the Treaty on the Customs Union and the Single Economic Space. By signing this treaty all parties agreed to complete the formation of the Customs Union and the Single Economic Space.

In 2000 Belarus, Kazakhstan, Russia, Kyrgyzstan and Tajikistan established the Eurasian Economic Community (EurAsEC). Uzbekistan joined this community in 2006. The priorities of the new organization were to improve cooperation and promote integration.

In 2003 the Presidents of Belarus, Kazakhstan, Russia and Ukraine decided to establish the Single Economic Space (SES). Although Ukraine was subsequently to withdraw from the project, the groundwork had now been laid for moving ahead with the integration process.

In August 2006 at an informal EurAsEC summit meeting in Sochi it was decided that Belarus, Kazakhstan and Russia would step up efforts aimed at the establishment of the Customs Union, while Kyrgyzstan and Tajikistan would join the organization as soon as they were ready. Based on these arrangements the Treaty on the Establishment of the Common Customs Territory and Formation of the Customs Union between Belarus, Kazakhstan and Russia was signed in October 2007.

The global financial crisis, which began in 2008, prompted countries worldwide to search for new ways of minimizing economic risks and achieving sustainable development. This proved a major factor in revitalizing regional integration processes.

In June 2009 integration stages and timeline of creation single custom area were defined. The Supreme Body of the Customs Union resolved that the Union would be enacted as of January 1, 2010. The “troika” of countries then moved to establish of the Single Economic Space on the basis of the Customs Union.

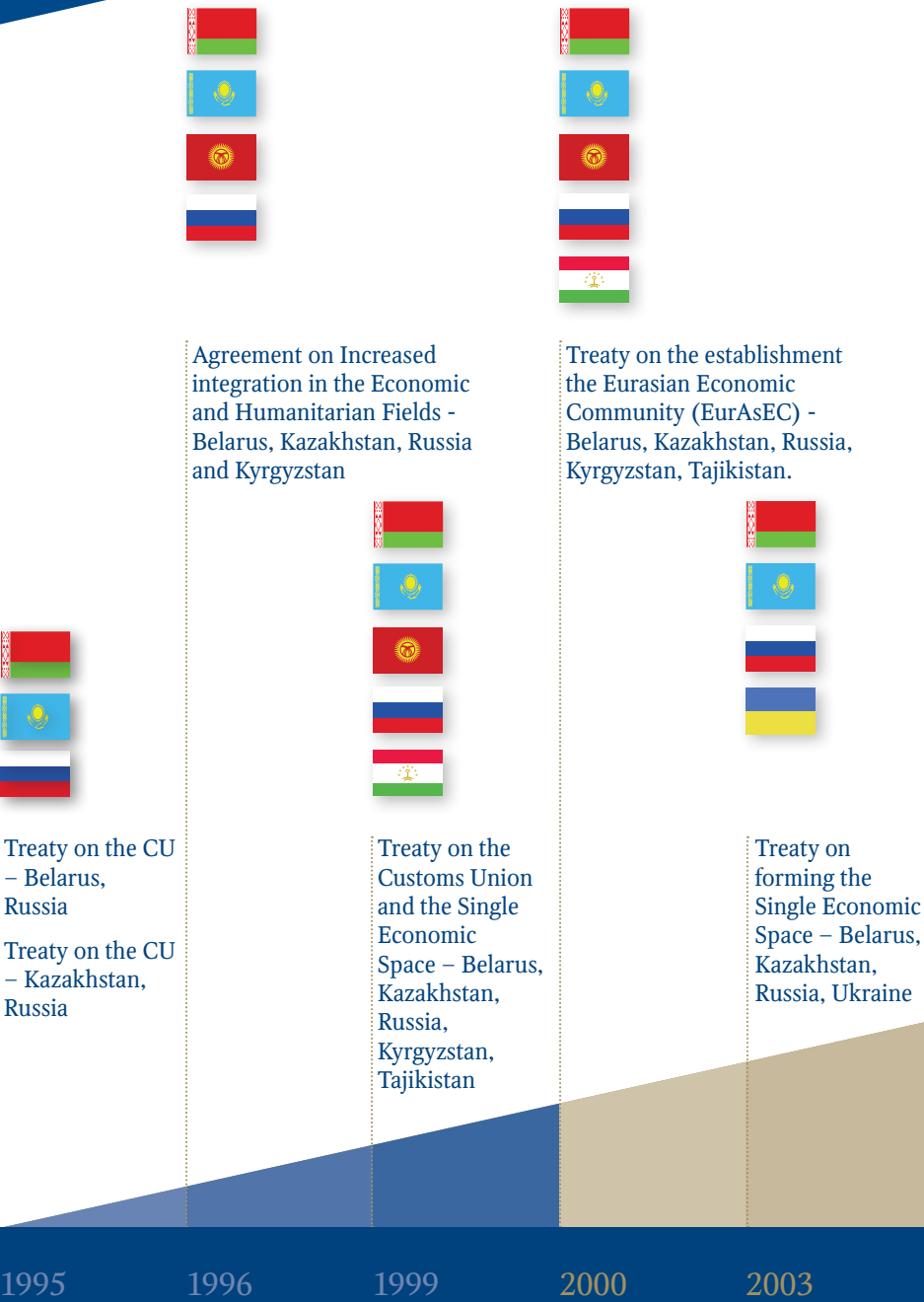
The three leaders declared that development of the Customs Union and the Single Economic Space should in the future lead to creation of the Eurasian Economic Union. The

underlying goal of integration was to create an environment conducive to cooperation with other countries and other economic unions. In particular, there was an aspiration to create a common economic space with the European Union.

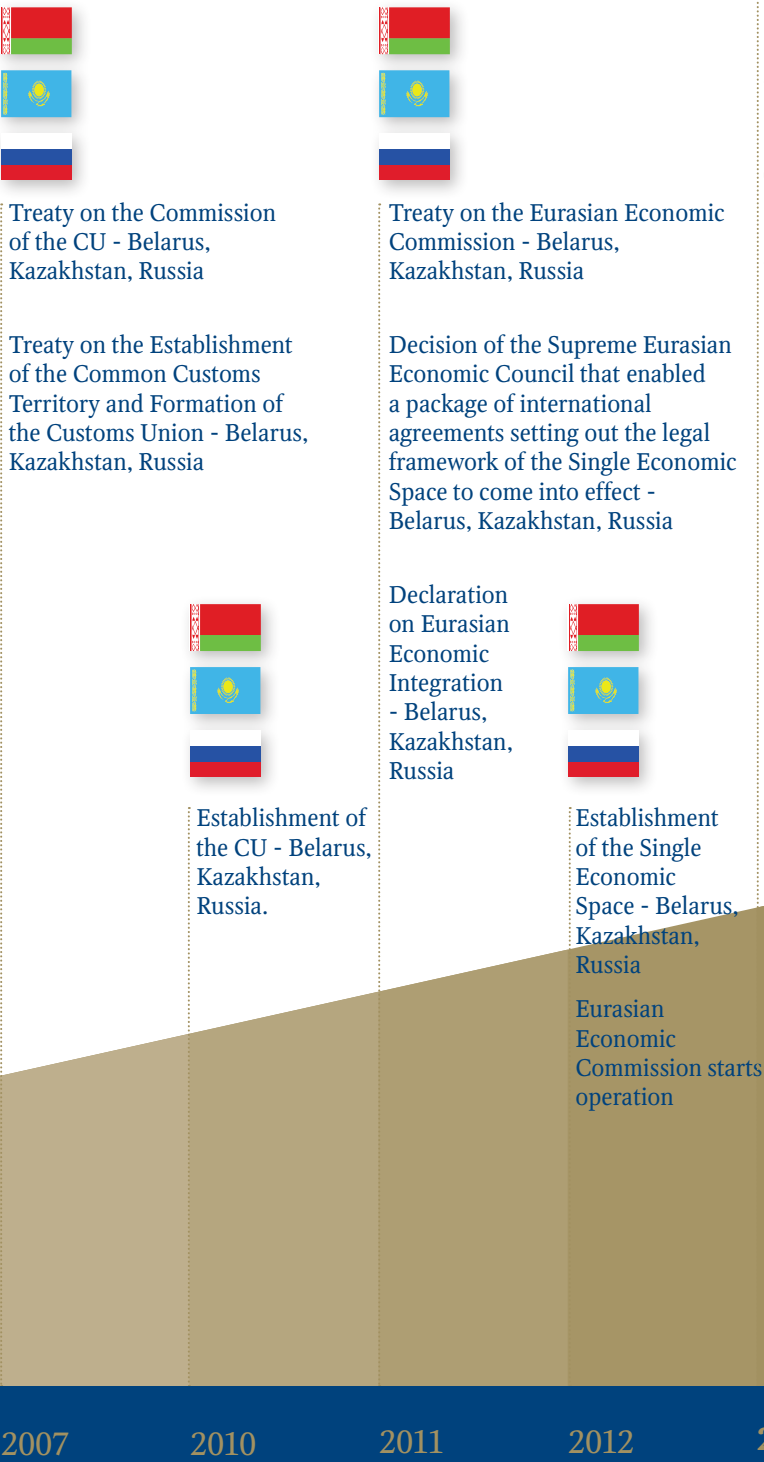
On November 18, 2011 the presidents of Belarus, Kazakhstan and Russia signed a Declaration on Eurasian Economic Integration, predicated on recognition of the success of the Customs Union. International agreements setting out the legal framework of the Single Economic Space, now came into effect, and on **January 1, 2012** the SES became operational.

On the same day – **November 18, 2011** – the presidents of Belarus, Kazakhstan and Russia worked out an agreement on the Eurasian Economic Commission. Based on this agreement on February 2, 2012 the Eurasian Economic Commission began work as the permanent supranational regulatory body of the Customs Union and the Single Economic Space.

A deadline of **January 1, 2015** was set for the codification of international agreements, which would constitute the legal and regulatory framework of the Customs Union and the Single Economic Space, on the basis of which the Eurasian Economic Union would be founded.



TIMELINE SCHEME



SECTION 2.

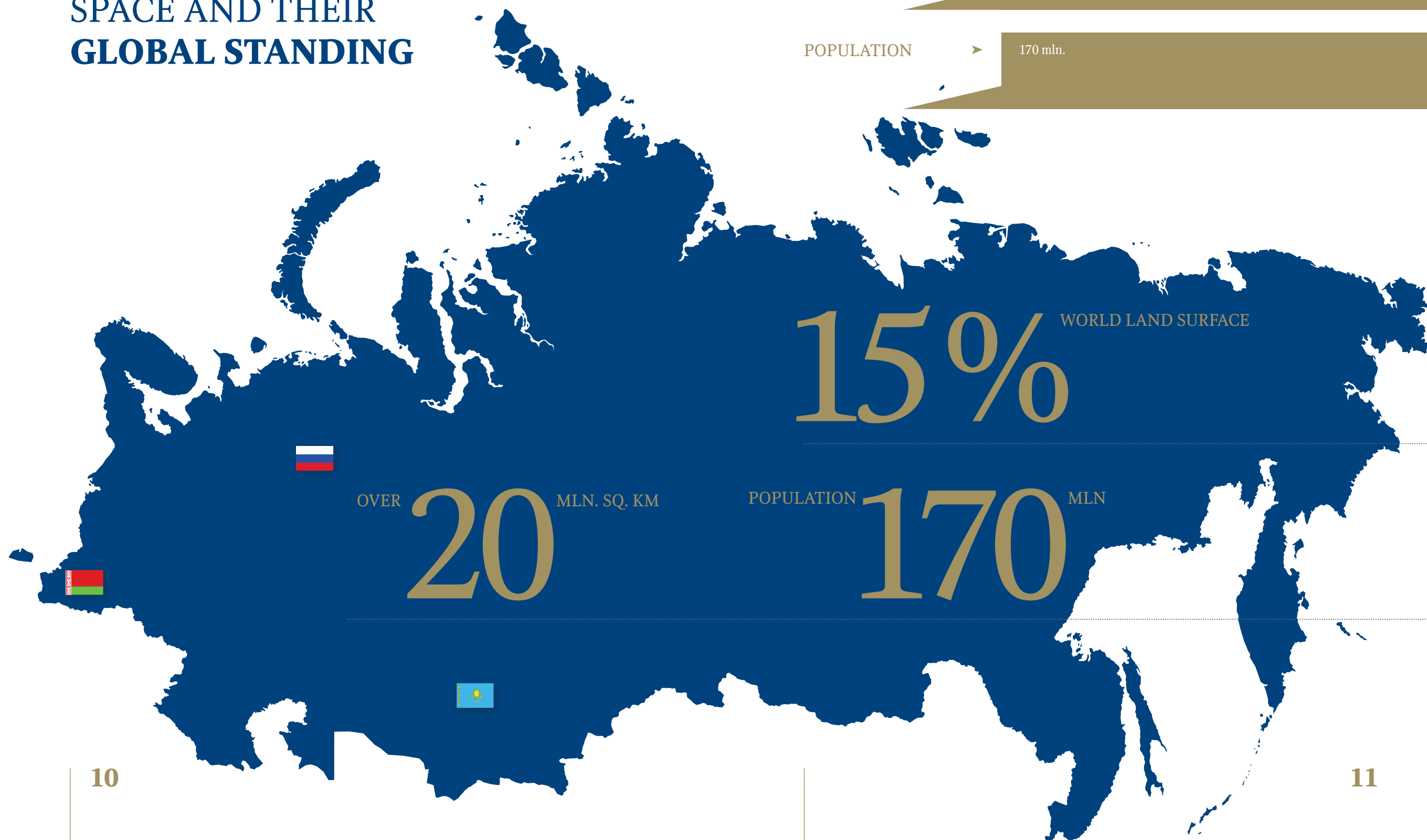
MEMBER STATES OF THE CUSTOMS UNION AND THE SINGLE ECONOMIC SPACE AND THEIR GLOBAL STANDING

TERRITORY

- Over 20 mln. sq. km
- 15 % of the world land surface

POPULATION

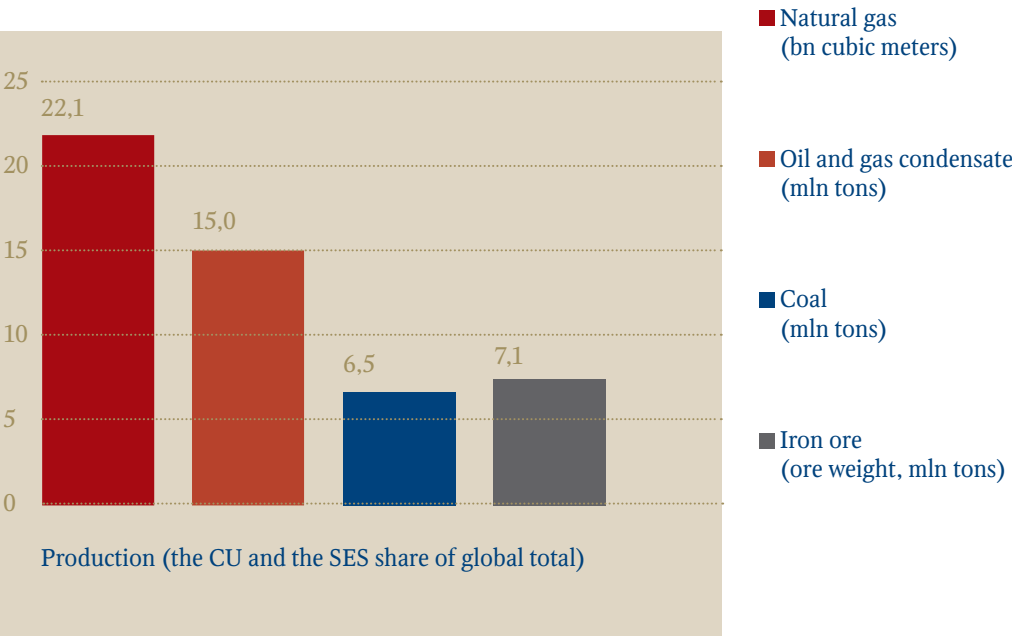
- 170 mln.



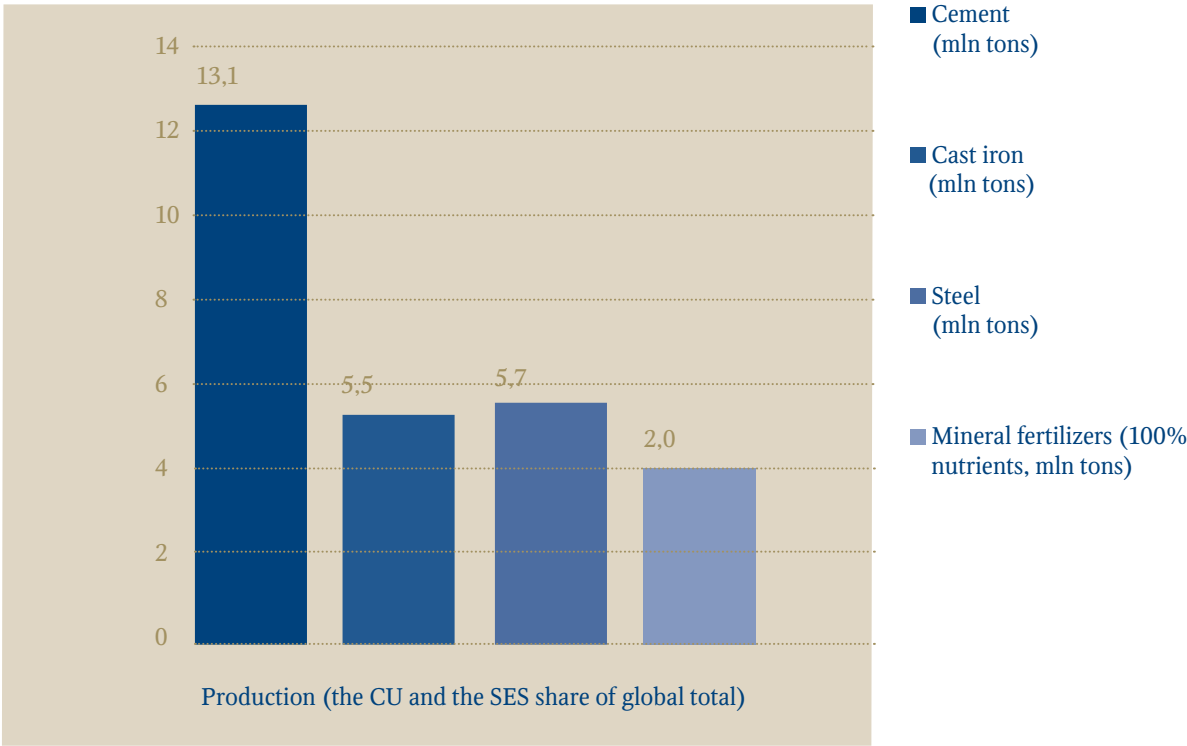
INTERNATIONAL RANKINGS OF MEMBER STATES OF THE CUSTOMS UNION AND THE SINGLE ECONOMIC SPACE BY GOODS OUTPUT INDICATORS IN 2011 (IN PERCENTAGE POINTS)



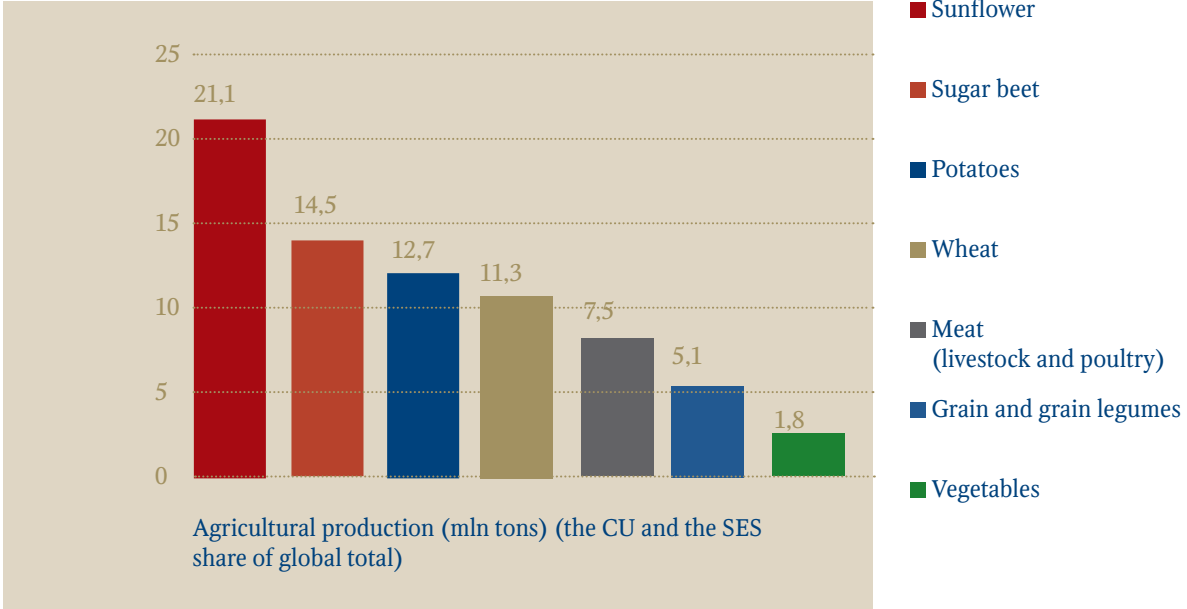
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SECTION 3.

THE CUSTOMS UNION: WHAT IT IS AND HOW IT WORKS

THE PROCESS OF ECONOMIC INTEGRATION TAKES SEVERAL SUCCESSIVE STAGES

At the **first stage** of integration a Free Trade Area (FTA) is formed, enabling the free movement of goods manufactured in the member states.

The FTA in the Eurasian space was created under the umbrella of the Commonwealth of Independent States. In **October 2011** a new FTA Agreement was signed. The main objective of the agreement was to set conditions for the free movement of goods. The agreement also shows common need for all parties to integrate into world economic and trade system.

Establishment of the Customs Union is the **second stage** of economic integration. A common customs area is created. No customs duties or economic restrictions apply to reciprocal trade within the territory. The Treaty on the Establishment of the Customs Union was signed by the Presidents of Belarus, Kazakhstan and Russia in **October 2007**.

The Customs Union was established in compliance with an approved action plan. By January 1, 2010 the necessary legal framework for functioning of the Union was in place. Russia, Belarus and Kazakhstan implemented a single customs tariff and commodity nomen-

clature on their territories from the same date.

Authority to regulate foreign trade was delegated to the Commission of the Customs Union¹.

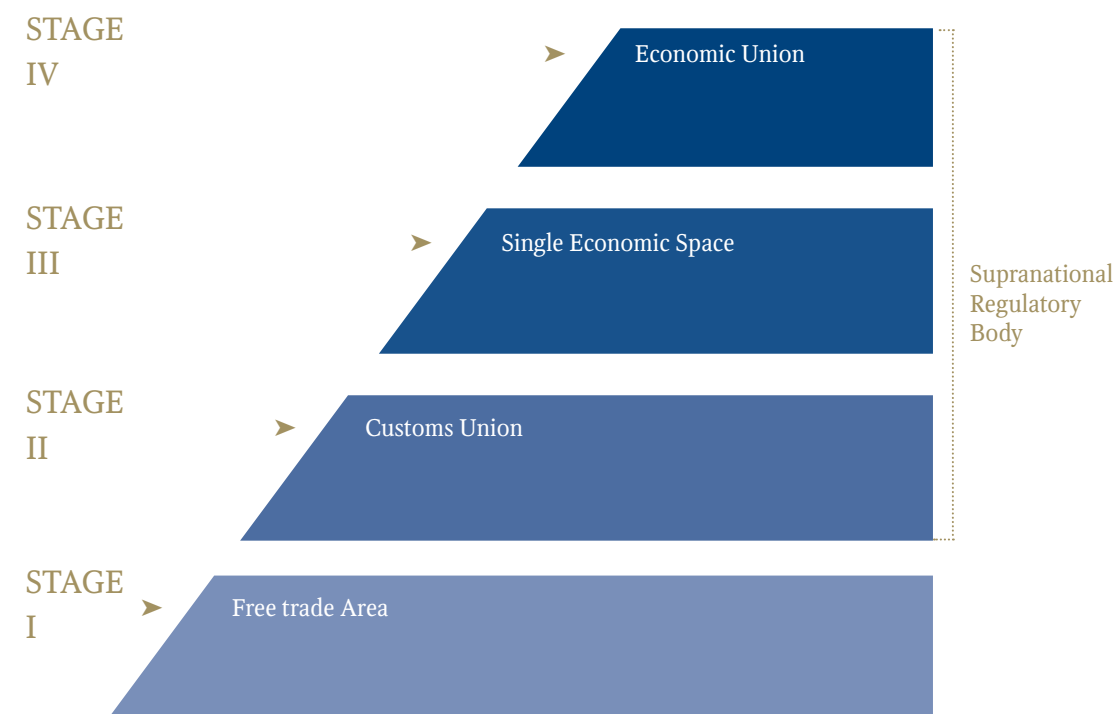
Based on signed international agreements the Commission has been authorized to:

- change import duty rates;
- introduce the commodity nomenclature of the Customs Union;
- establish tariff preferences and tariff quotas;
- define the system of tariff preferences;
- introduce non-tariff regulatory measures.

As of July 1, 2010 the Commission was authorized to conduct investigations and undertake other steps necessary for the application of anti-dumping, countervailing and safeguard measures by the Customs Union with respect to goods originating from third countries.

In July 2010 the Unified Customs Code came into effect. A unified system of customs regulation was introduced in the customs area of the three countries. A number of regulations on customs administration were adopted, including unified rules on declaring goods and

UNIVERSAL STAGES OF ECONOMIC INTEGRATION



paying customs duty. Common customs procedures were introduced and unified methods for valuing imported goods and determining their country of origin were adopted.

A system for gathering statistics on foreign trade and reciprocal trade between the member states of the Customs Union was also put in place.

Procedures operate for the collection of indirect taxes from reciprocal trade within the CU area, and tax authorities in the three countries exchange information in electronic form on the amounts of indirect taxes that are paid.

An agreement operates governing the establishment and application of a procedure for payment and distribution in the Customs Union

of import customs duties (and other similar duties, taxes and fees). Import customs duties are deposited in an account held by a designated agency of the CU member state where they are payable. Duties paid are allocated to the budgets of the three states in the following ratio: Belarus 4.7%, Kazakhstan 7.33%, Russia 87.97%.

As of July 1, 2011 all customs checks at internal borders between Belarus, Kazakhstan and Russia were abolished. Customs control and clearance were transferred to the external borders of the Customs Union. The establishment of the unified customs area² was therefore complete.

Goods and vehicles originating from the CU member states, as well as goods and vehicles

from third countries cleared for domestic consumption in any CU member state, move freely within the common customs area.

The legal and regulatory framework of the CU, comprising **more than 70 international treaties and more than 900 regulations issued by the Commission was fully in place by the end of 2011.**

Drafting and adopting **technical regulations** of the CU is among key tasks of the Commission. Technical regulations are essential for creating a common market, which is free from technical barriers and where unified standards and product safety requirements apply.

Coordinated policy in this field will standardize safety requirements for consumer goods entering the CU common market and will also support technological development of producers based in the three countries.

The Eurasian Economic Commission has already been delegated full authority in this field. By the beginning of October 2012, 31 CU technical regulations governing safety requirements for goods circulating within the common customs area had been adopted. These regulations cover rail transportation and infrastructure, machinery and equipment, fuel, pyrotechnic products, perfume and cosmetics, textile products and foodstuffs, etc.

As of July 16, 2012 the Council of the Eurasian Economic Commission adopted a revised version of the commodity nomenclature and of the CU unified customs tariff with a view to Russia's accession to the World Trade Organization. Preliminary estimates suggest that as a request, the average weighted rate of import customs duties decreased from 9.6% to 7.8%.

The establishment of the Customs Union has created a single market of 170 million consumers, a unified customs code, a unified customs tariff, unified foreign trade and customs regulations, and a unified legal framework of technical regulations. The benefits of the Customs Union are already being felt.

WHAT THE CUSTOMS UNION HAS ACHIEVED



IN 2011

- In 2011 the total volume of foreign trade between CU member states and third countries was USD 913 bn.
- In 2011 reciprocal trade (the value of goods exports in reciprocal trade between CU member states) was USD 63.5 bn, or 34.6% more than in 2010.
- Reciprocal trade grew almost 3% faster than trade with third countries in 2011. Reciprocal trade grew almost 3% faster than trade with third countries in 2011.
- Commodity patterns in reciprocal trade have proved to be more efficient than in trade with third countries.

IN JANUARY- DECEMBER 2012

- Foreign trade with third countries in goods produced by CU member states reached USD 939.3 bn.
- Exports grew by 2.6% in current prices or by USD 15.5 bn in comparison with January-December 2011.
- Reciprocal trade between CU member states in January-December 2012 was USD 68.6 bn, which is 108.7% more than in the same period of the previous year.

IN JANUARY- APRIL 2013

- Foreign trade with third countries in goods produced by CU member states reached USD 279.1 bn.
- Exports reached USD 189.9 bn., while import - USD 107.2 bn.

SECTION 4.

OVERVIEW
OF THE SINGLE ECONOMIC
SPACE

THE NEXT STAGE OF INTEGRATION
WILL BE THE CREATION OF A SINGLE
ECONOMIC SPACE

The next stage of integration will be the creation of a Single Economic Space (SES). This means achieving the so-called “four freedoms”, i.e. the free movement of goods, capital, services and people within the SES. Proper functioning of the SES requires that member states should pursue coordinated policies in key areas of the economy’s sectors: macroeconomics, the financial sector, transportation, energy, trade, industry, agribusiness etc.

On December 19, 2009 the Supreme Body of the Customs Union approved a plan of action to create the Single Economic Space (SES) of Belarus, Kazakhstan and Russia. Pursuant to the plan a package of 17 basic SES agreements were signed and came into effect as of January 1, 2012.

FRAMEWORK AGREEMENTS ON THE SINGLE
ECONOMIC SPACE



1.

Agreement on Unified Principles and Rules of Competition

➤

2.

Agreement on Unified Rules for State Support to Agriculture

➤

3.

Agreement on Unified Rules for Granting Industrial Subsidies

➤

4.

Agreement on Access to Rail Transport

➤

5.

Agreement on Trade in Services and Investments in SES Member States

➤

6.

Agreement on Unified Principles of Regulation for Protecting Intellectual Property Rights

➤

7.

Agreement on Unified Principles and Rules of Technical Regulation in the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation

➤
- Establishes an integrated approach to anti-trust regulation, and introduces special regulations limiting permissible state intervention in the economy.

Sets out the terms and conditions of state support for producers of agricultural products. The maximum level of support is not to exceed 10% of the gross value of agricultural products.

Establishes unified rules for granting subsidies for industrial goods.

Determines the conditions governing access to infrastructure for freight forwarders in CU member states, introduces standard requirements for freight forwarders and a common tariff policy. Exceptional tariff rates for rail services may be used to subsidize a specific producer only if support cannot be rendered in any other form.

Introduces national treatment and most-favored-nation treatment in reciprocal trade in services, although certain exemptions remain.

Provides for the introduction of a national system safeguarding IP rights in SES member states, and establishment of an international legal framework based on international intellectual property agreements to which Russia is a signatory.

Envisages a coordinated policy on the circulation of goods conformant with CU technical regulations. Coordinated policy in this area is to be achieved, inter alia, by introducing a single list of products covered by the technical regulations. However, the national legislations of SES member states should not contain mandatory requirements for products not included on the list. The right to approve technical regulations is vested with the Commission.

8. Agreement on State (Municipal) Procurement ➤ Introduces national treatment and most-favored-nation treatment for suppliers in CU member states engaged in state and municipal procurement activities, and establishes transparent procurement procedures.
9. Agreement on the Legal Status of Migrant Workers and Members of their Families ➤ Lifts restrictions on access to the labor markets of EURASEC member states for individuals, abolishes quota systems and mandatory work permits for labor migrants, and liberalizes migrant registration procedures.
10. Agreement on Cooperation to Counter Illegal Labor Migration from Third Countries ➤ Outlines main actions to counter illegal labor migration.
11. Agreement on Coordinated Macroeconomic Policy ➤ Envisages the introduction by SES members from January 1, 2013 of quantitative macroeconomic parameters, including ceilings for the annual public budget deficit, public debt, and the rate of inflation.
12. Agreement on Coordinated Principles of Currency Policy ➤ Serves as a road map for the further alignment of currency legislation. Envisages the gradual lifting of restrictions on currency operations and on opening and maintaining accounts with SES banks, unified procedures for the import and export of cash assets to and from the SES, and the synchronization of requirements for repatriating currency earnings.
13. Agreement on Free Flow of Capital on Financial Markets ➤ Provides for information exchange between authorized agencies in the banking sector, foreign exchange market, securities market and insurance sector and, as of December 31, 2013, the alignment of legislation governing the banking sector, foreign exchange market, securities market and insurance sector in compliance with international rules and standards.
14. Agreement on Uniform Principles and Rules Regulating the Activities of Natural Monopolies ➤ Defines unified legislative procedures for regulating the activities of natural monopoly entities.
15. Agreement on Access to the Services of Natural Monopolies in the Power Industry ➤ Allows access to the energy grids of adjacent SES member states. Access is granted on the proviso that priority is accorded to meeting domestic energy requirements. The Agreement also formulates other principles regulating energy transmission between SES member states, including pricing and tariff policies.

16. Agreement on Rules of Access to the Services of Natural Monopolies in Pipeline Gas Transportation ➤ Envisages mutual access to the gas transportation systems of SES member states once steps have been taken to, inter alia, achieve gas prices that offer equal margins. Access to gas transportation systems is granted pursuant to existing technical restrictions and to the indicative balance agreed upon by the parties under gas transportation contracts signed by market participants. Conditions of access for market participants, including tariffs for gas transport, will be equal to those for market participants who are not owners of the gas transportation system.
17. Agreement on Administration, Operation and Development of Unified Oil and Oil Product Markets ➤ Stipulates that the parties shall not apply qualitative restrictions in mutual trade or impose export customs duties on oil and oil products. Procedures for paying customs duties on oil and oil products exported from the CU area are defined by separate bilateral agreements between the member states. The Agreement establishes the conditions governing access to oil transportation services. It also envisages unified oil-related norms and standards, and the creation of information exchange mechanisms pertaining to the production, import, export, and domestic consumption of oil.

All of the agreements must be implemented by 2015, by which time several dozen documents (several having direct effect) have to be approved.

SECTION 5.

STRUCTURE AND ACTIVITIES OF THE EURASIAN ECONOMIC COMMISSION

STRUCTURE

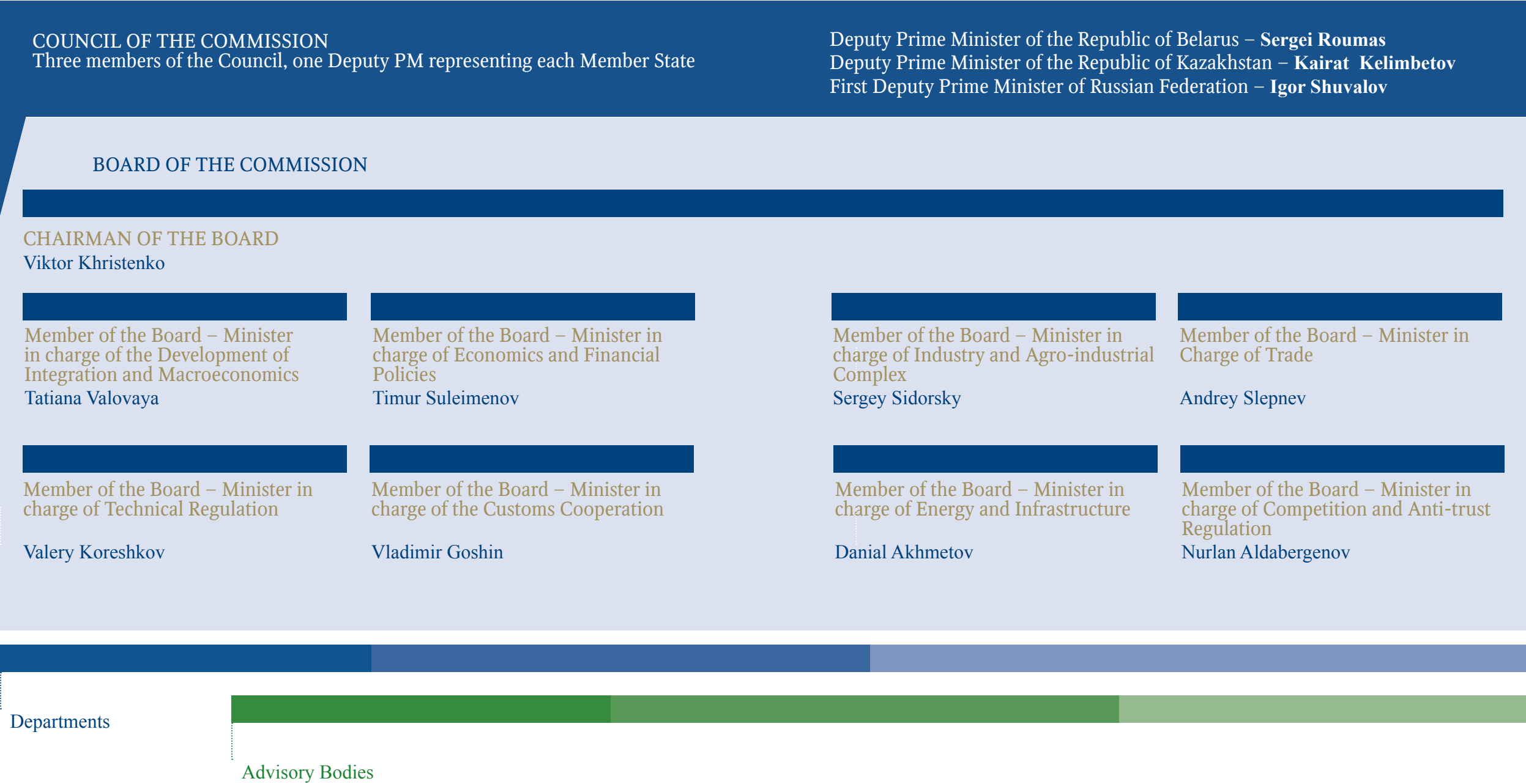
The institutional structure of the Customs Union and the SES need to be improved in order to ensure that the Customs Union functions efficiently and to press ahead with establishment of the SES. Pursuant to the Treaty signed by

the Presidents of Belarus, Kazakhstan and Russia on November 18, 2011, the SES governance structure is as follows:

GOVERNING BODIES OF THE CUSTOMS UNION
AND THE SINGLE ECONOMIC SPACE



SUPREME EURASIAN ECONOMIC COUNCIL
(HEADS OF STATE AND GOVERNMENT OF THE MEMBER STATES)



The primary task of the **Eurasian Economic Commission** is to create an environment conducive to the smooth operation of the Customs Union and the Single Economic Space and to submit proposals that contribute to accelerating the integration process.

The EEC Board is an executive body whose decisions are designed to promote integration within the Customs Union and the Single Economic Space. It consists of nine members (three

from each party), one of whom acts as chairman of the Board.

The Chairman and members of the Board are appointed by the Supreme Eurasian Economic Council for a four-year renewable term. Besides their Board duties, all members take an active part in the day-to-day work of the Commission. The resolutions of the Commission are passed by vote, each member of the Board having one vote.

AREAS OF ACTIVITY

The work of the EEC is divided into separate functions, each supervised by a Board member (minister) and each encompassing a number of industries and areas of economic activity. The members of the Board and EEC Departments work in partnership with the relevant government agencies in Belarus, Kazakhstan and Russia within their respective fields of expertise.

The EEC carries out its activities in compliance with its Terms of Reference, as formulated in the Treaty on Eurasian Economic Commission, the international agreements that constitute the legal and regulatory framework of the Customs Union and the Single Economic Space, and resolutions passed by the Supreme Eurasian Economic Council in areas that include:

- I Tariff and non-tariff customs regulation;**
- I Customs administration;**
- I Technical regulation;**
- I Sanitary, phyto-sanitary and veterinary measures;**
- I Payment and distribution of import customs duties;**
- I Establishing trade regimes in respect of third countries;**
- I Statistics of foreign and reciprocal trade;**
- I Macroeconomic policy;**
- I Competition policy;**

- I Industrial and agricultural subsidies;**
- I Energy policy;**
- I Natural monopolies;**
- I State and/or municipal procurement;**
- I Reciprocal trade in goods and investments;**
- I Transportation and haulage;**
- I Currency policy;**
- I Protection of intellectual property rights and means of individualization of products, works and services;**
- I Labor migration;**
- I Financial markets (banking sector, insurance, foreign exchange market, securities market).**

The Commission works in close and ongoing collaboration with its main partners.

The Commission's first point of contact is with the public bodies and agencies of member states with a view to enhancing interaction with national authorities in the decision-making process. With this objective the Commission sets up Sectorial Advisory Committees (on trade, technical regulation, taxation policy, transportation, etc.). These committees have already been established and are operating. They are mostly composed of EEC officials and representatives of the national governments of the SES member states. When deemed necessary, representatives

of the business community are invited to help in consideration of specific cases.

The second point of contact is direct collaboration with members of the business community.

A Memorandum of Cooperation between the Eurasian Economic Commission and the Belarus-Kazakhstan-Russia Business Dialog was signed on June 15, 2012. The Dialog brings together the Confederation of Industrialists and Entrepreneurs of Belarus (a union of non-profit organizations), the Atameken National Economic Chamber of Kazakhstan, and the Russian Union of Industrialists and Entrepreneurs. The parties will use the EEC Advisory Board as a platform for cooperation.

MEMBERS OF THE BOARD AND AREAS OF ACTIVITIES OF THE EURASIAN ECONOMIC COMMISSION



Chairman of the Board
Viktor Khristenko

Born on August 28, 1957. Graduated from Chelyabinsk Polytechnic Institute in 1979. Holds a PhD in Economics.

- Since 1999 held a number of posts in the Government of the Russian Federation, serving as Deputy Prime Minister, First Deputy Prime Minister.
- 2004 – 2008 – Minister of Industry and Energy.
- 2008 – 2011 – Minister of Industry and Trade.
- On February 1, 2012 was appointed Chairman of the Board of the Eurasian Economic Commission.



Member of the Board (Minister) in charge of Development of Integration and Macroeconomics

Tatiana Valovaya

Born on April 11, 1958. Doctor of economics. Graduated from Moscow Finance Institute, international economic relations faculty, in 1980.

- 1999 – 2012 – Has worked in the Executive Office of the Government of the Russian Federation as Deputy Director and subsequently Director of the International Cooperation Department.
- On February 1, 2012 was appointed Member of the Eurasian Economic Commission Board (Minister) in charge of Development of Integration and Macroeconomics.



Member of the Board (Minister) in charge of Economics and Financial Policy

Timur Suleimenov

Born on April 5, 1978. In 2000 graduated from Pavlodar State University. Holds an MBA from Maryland University, specialty – magister of business administration (2002).

- 2009 – Deputy Minister of Economics and Budget Planning of the Republic of Kazakhstan.
- 2010 – 2012 – Deputy Minister of Economic Development and Trade of the Republic of Kazakhstan.
- On February 1, 2012 was appointed Member of the Eurasian Economic Commission Board (Minister) in charge of Economics and Financial Policy.



Member of the Board (Minister) in charge of Industry and the Agro-industrial Complex

Sergey Sidorsky

Born on March 13, 1954. In 1976 graduated from Belarusian Institute of Railway Transport Engineers. Holds a PhD in Technical Science.

- 2001 – 2002 – Deputy Prime Minister of the Republic of Belarus.
- 2002 – 2003 – First deputy Prime-Minister of the Republic of Belarus, acting prime Minister.
- 2003 – 2010 – Prime Minister of the Republic of Belarus
- On February 1, 2012 was appointed Member of the Eurasian Economic Commission Board (Minister) in charge of Industry and the Agro-industrial Complex.



Member of the Board (Minister) in Charge of Trade

Andrey Slepnev

Born on September 13, 1969. In 1992 graduated from State University of Nizhny Novgorod. In 1998 graduated from Specialized Institute of jurisprudence of Moscow State University.

- 2005 – 2007 – Head of department of Experts Directorate in administration of the President of the Russian Federation.
- 2007 – 2009 – Deputy Minister of Agriculture of the Russian Federation, he was in charge of realization a State program of developing the Agriculture.
- 2009 – 2011 – Deputy Minister of Economic Development of the Russian Federation.
- On February 1, 2012 was appointed Minister for Trade, Member of the Board of the Eurasian Economic Commission.



Member of the Board (Minister) in charge of Technical Regulation

Valery Koreshkov

Born on January 3, 1953.

In 1975 graduated from Minsk High Engineer anti-aircraft rocket college.

In 1991 finished program for experts in quality systems (England). Holds a PhD in Technical Sciences.

■ 1992 – 2006 – chairman of the Committee for standardization, metrology, and certification under the Council of Ministers of the Republic of Belarus.

■ 1997 – Deputy Chairman of Work group for standardization in EEC UN.

■ 2006 – 2011 – Chairman of the State Committee for Standardization of the Republic of Belarus.

■ During 10 years was chairman of intergovernmental Council for standardization, metrology and certification of CIS countries.

■ On February 1, 2012 was appointed Member of the Eurasian Economic Commission Board (Minister) in charge of Technical Regulation.



Member of the Board (Minister) in charge of Customs Cooperation

Vladimir Goshin

Born on August 31, 1962.

In 1984 graduated from Minsk State Pedagogical Institute of foreign languages.

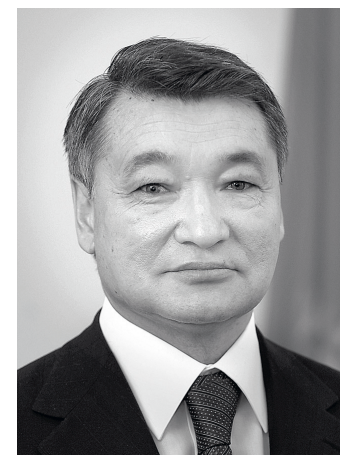
In 1999 graduated from Customs Academy of Russia. Holds master's degree in juridical science.

■ Since 1998 – Deputy Chairman of the State Customs Committee of the Republic of Belarus.

■ Since 2008 – First Deputy Chairman of the State Customs Committee of the Republic of Belarus.

■ Since 2011 – Ambassador Extraordinary and Plenipotentiary of the Republic of Belarus in India.

■ On February 1, 2012 was appointed Member of the Eurasian Economic Commission Board (Minister) in charge of Customs Cooperation.



Member of the Board (Minister) in charge of Energy and Infrastructure

Danial Akhmetov

Born on June 15, 1954.

In 1976 graduated from Pavlodar Industry Institute.

Holds a PhD in Economics, academician.

■ 2001 – 2003 – Governor of the Pavlodar region.

■ 2003 – 2007 – Prime Minister of the Republic of Kazakhstan.

■ 2007 – 2009 – Minister of Defense of the Republic of Kazakhstan.

■ In December 2010 became CEO of a private company dealing with green power generation.

■ On February 1, 2012 was appointed Member of the Eurasian Economic Commission Board (Minister) in charge of Energy and Infrastructure.



Member of the Board (Minister) in charge of competition and anti-trust regulation

Nurlan Aldabergenov

Born on November 19, 1962.

In 1984 graduated from Almaty Architecture and Civil Engineering Institute.

In 1987 graduated Moscow Institute of Civil Engineering (postgraduate course).

In 2005 graduated from the University named after Kunaev D.A. Holds a PhD in Economics.

■ Since 1991 – Director of Department in Agency of the Republic of Kazakhstan for regulation natural monopolies and competition protection in the city of Alma-Ata.

■ Since 2004 – First Deputy Chairman of Agency of the Republic of Kazakhstan for natural monopoly regulation.

■ Since 2007 – Chairman Agency of the Republic of Kazakhstan for natural monopoly regulation.

■ On February 1, 2012 was appointed Member of the Eurasian Economic Commission Board (Minister) in charge of Competition and antimonopoly regulation.

SECTION 6.

THE CUSTOMS UNION AND THE SINGLE ECONOMIC SPACE AS INTEGRAL PARTS OF THE GLOBAL ECONOMY

THE CUSTOMS UNION AND THE SINGLE ECONOMIC SPACE IN THE GLOBAL LANDSCAPE

The Customs Union and the Single Economic Space in the global landscape

Regional integration has become the world's response to the global financial crisis. Elimination of barriers and restrictions, and the creation of single market are the only drivers that can make an impulse for new life of the world economy.

All over the world countries are faced with a pragmatic choice on the basis of economic motivation: whether to try and minimize economic risks on their own or within the framework of a union.

The CU member states (Belarus, Kazakhstan and Russia) chose to establish an economic union. The decision to do so was based on the understanding that, once united, the three countries would be able not only to reduce the negative effects of global turbulence, but also to strengthen their positions on external markets.

The Customs Union and the Single Economic Space are open to membership of other countries that share goals (targets) of the union and are prepared to take over the commitments deriving from that membership. The Kyrgyz Republic filed a request to start negotiations to join the CU, and in 2012 the negotiations began. Other members of the Commonwealth of Independent States have also expressed interest in cooperation with the CU and the SES.

The new CIS Free Trade Agreement, signed on October 18, 2011, is currently the institutional basis for economic cooperation between the Customs Union and CIS Member States.

Non-CIS countries generate 80% of CU and SES foreign trade. As such, the economic interests of the CU and SES are not limited to the CIS.

In their trade relations with third countries and international organizations the CU adhere

to a multidimensional policy. Meanwhile both eastern and western directions of economic cooperation are of equal importance.

A partnership between the CU member states and European countries seems to naturally complement each other. The European Union is a strategic trading partner for the CU and SES member states, generating about half of CU and SES foreign trade.

Today the potential of the Asia-Pacific Region (APR) as a trading partner is also increasing. The development of trade relationship between the CU and SES and the APR in future previews the establishment of free trade regime.

Free trade area agreements are becoming an important component of the international trading system and their number has been growing steadily over the past years. FTA agreements are becoming a new and an efficient tool for activization of bilateral trade, economic and investment cooperation.

The CU and the SES approach to free trade is not limited to the elimination of customs

tariffs, but also aims to simplify application of technical regulations, sanitary and phytosanitary controls, and facilitate access to infrastructure, construction and technology projects.

As of mid-2012 about 35 countries and regional associations had expressed their interest in establishing free trade areas with the Customs Union member states. The Commission is currently developing a system of criteria to help set priorities in negotiations of this kind.

THE CU AND THE SES AS PART OF A MULTILATERAL TRADING SYSTEM. RUSSIA'S ACCESSION TO THE WTO

The CU and the SES as part of a multilateral trading system. Russia's accession to the WTO.

The date when The Treaty on the Functioning of the Customs Union within the Framework of the Multilateral Trading System would come into effect was synchronized with the date when the first CU and SES member state accedes to the WTO.

Terms and conditions of the Treaty stipulates that from the moment when the first CU and SES member state accedes to the WTO the legal framework of the CU will incorporate the WTO Agreements, the commitments specified in the protocol of accession governing legal relations within the CU (in view of which regulatory powers was delegated powers to the bodies of the Commission), and legal relations regulated by the international agreements that form the contractual and legal framework of the CU.

Russia recently became the first of CU and SES member states to accede to the WTO. Russia's membership creates certain advantages for the CU and the SES, but also leads to additional obligations.

Certain Russia's commitments on the accession to the WTO can be executed only through the Commission's decision-making mechanism, thus ensuring that WTO requirements will de-facto be met in full throughout the common CU and SES territory.

In particular, the Commission was vested with the the authority to conduct anti-dumping, countervailing and safeguard investigations, and to take appropriate steps to adequately defend the interests of industries in CU member states. All investigations and related procedures will be carried out in compliance with WTO requirements.

The Commission does all the necessary work to meet Russia's WTO commitments in the areas where CU member states have delegated their competence at a supranational level, namely the areas of tariff and non-tariff regulation, customs administration, trade remedies, technical regulation (drafting and adopting CU technical regulations), sanitary and phytosanitary measures, etc.

SECTION 7.

TOWARDS EURASIAN ECONOMIC UNION

THE NEXT STAGE OF EURASIAN INTEGRATION IS THE ESTABLISHMENT OF THE EURASIAN ECONOMIC UNION

The next stage of Eurasian integration is the establishment of the Eurasian Economic Union.

This objective was set by the Presidents of Belarus, Kazakhstan and Russia and is contained in the Declaration on Eurasian Economic Integration of November 18, 2011. Achievement of the objective will require the creation of a new type of legislative framework. At present the regulatory-legal framework of the Customs Union and the Single Economic Space consists of over a hundred international treaties signed between 1995 and 2012.

In order to produce a synchronized legal framework, the leaders of the three states have set a task to codify CU and SES laws and regulations to lay the groundwork for the Treaty on the Eurasian Economic Union.

Codification will improve applicability of the agreements between member states in areas such as macroeconomics, finance, trade and in-

vestment, transportation and energy, industry and agro-industry, and make them more systematic. This will also help to define the path to further Eurasian integration and the nature of future eurasian integration.

SECTION 8.

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