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### Eurasian Economic Union One Year On

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**Report Highlights:**

Key events of the first year since the launch of the Eurasian Economic Union (EAEU) included its expansion to welcome two new members, Armenia and Kyrgyzstan, a free trade agreement with Vietnam, which is pending ratification, and Kazakhstan's accession to the World Trade Organization. Additionally, the structure of the Eurasian Economic Commission (EEC), the EAEU permanent body, was changed to reflect the EAEU expansion coinciding with the first rotation at the EEC's executive body, the EEC Collegium, on February 1, 2016. None of these events had any immediate effect on agricultural trade, which was much more affected by external economic and political factors in 2015 unrelated to the EAEU developments.

## **General Information:**

Key events of the first year since the launch of the Eurasian Economic Union (EAEU) included its expansion to welcome two new members, Armenia and Kyrgyzstan, a free trade agreement with Vietnam, which is pending ratification, and Kazakhstan's accession to the World Trade Organization (WTO). Additionally, the structure of the Eurasian Economic Commission (EEC), the EAEU permanent body, was changed to reflect the EAEU expansion and coincided with the first rotation at the EEC's executive body, the EEC Collegium, on February 1, 2016. None of these events had any immediate effect on agricultural trade, which was much more affected in 2015 by external economic and political factors unrelated to the EAEU developments.

## **Armenia**

Armenia announced its intention to join the Customs Union (CU) of Belarus-Kazakhstan-Russia, the predecessor of the Eurasian Economic Union, in September 2013. The road map for Armenia's accession to the Union was approved in 2013.

The [Treaty on Accession of the Republic of Armenia to the Eurasian Economic Union Treaty of May 29, 2014](#) was signed on October 10, 2014, and came into effect on January 2, 2015. According to the treaty, Armenia will get 1.13 percent of the customs duties from imports of goods to the EAEU territory and will be able to use different customs duty rates than the EAEU requirements on some goods, including meat and meat products, until 2022. In that time, Armenia will negotiate with members of the World Trade Organization (WTO) to change its commitments in the WTO framework. For details on Armenia's EAEU tariff commitments please GAIN report [AM1501 Transitional Import Tariffs for Armenia in EAEU until 2022](#).

Additionally, the Treaty on Accession of the Republic of Armenia to the Eurasian Economic Union Treaty contains a provision that Armenia shall ensure that goods imported into Armenia at lower tariffs than the unified EAEU tariff, will be used only in the territory of Armenia and will not be re-exported to the other EAEU Member States without payment of the difference between the respective import tariff rates.

[EEC Collegium Decision No. 28](#) of April 2015 established transition periods for implementation of the CU Technical Regulations in Armenia. In particular for food products, there will be a transition period until January 2, 2018, at which point the labeling of the covered food products destined to the Armenian markets will have to include a "Eurasian Conformity" mark. For additional information on the CU Technical Regulations related to food products please see [RS1343 Customs Union Food Technical Regulations in Force as of 1 July 2013](#), [RS1382 Customs Union Technical Regulation on Milk and Dairy Products](#), and [RS1384 Customs Union Technical Regulation on Meat](#). For details about the "Eurasian Conformity" mark please see [RS1506 Eurasian Conformity Mark for Food Products](#).

In June 2015, the EEC issued [EEC Council Order No. 12](#), which approved a delegation list for talks with the WTO to renegotiate Armenia's tariff commitments in connection with its accession to the EAEU. The delegation, consisting of representatives of Armenia, Belarus, Kazakhstan, Russia and the EEC, will be tasked with developing directives for the upcoming tariff talks with the WTO.

## **Kyrgyzstan**

Kyrgyzstan announced its intention to join the CU in 2011, and the road map for its accession was approved in 2014. The [Treaty on Accession of the Kyrgyz Republic to the Eurasian Economic Union Treaty of May 29, 2014](#) was signed on December 23, 2014, and on August 12, 2015, Kyrgyzstan officially became the fifth member of the Eurasian Economic Union.

Unlike Armenia, which does not share borders with any of the EAEU Member States, Kyrgyzstan has a border with Kazakhstan. While most controls, including customs, sanitary-epidemiological and phytosanitary, were abolished at the Kazakh-Kyrgyz border shortly after Kyrgyzstan joined the EAEU, veterinary controls remain intact until Kyrgyzstan implements all of its accession road map provisions so that its veterinary control system can be recognized as conforming to the EAEU standards and requirements.

According to the Kyrgyz EAEU accession deal, specified in a separate [Protocol](#) of May 8, 2015, similar to Armenia, Kyrgyzstan will enjoy a transition period after accession in various spheres. In particular, according to the protocol, application of the CU technical regulations related to food products will be phased in in Kyrgyzstan. Thus, the [Customs Union Technical Regulation on Safety of Grain](#) came into force for Kyrgyzstan six months after its EAEU accession, on February 12, 2016. All other food-chain related CU technical regulations will become applicable in Kyrgyzstan a year after its EAEU accession. For additional information on the CU Technical Regulations related to food products please see [RS1343 Customs Union Food Technical Regulations in Force as of 1 July 2013](#), [RS1382 Customs Union Technical Regulation on Milk and Dairy Products](#), and [RS1384 Customs Union Technical Regulation on Meat](#).

Additionally, as part of its EAEU accession, Kyrgyzstan has committed to adopt the unified tariff schedule of the EAEU over time. According to the Protocol of May 8, 2015, Kyrgyzstan will be able to apply customs duties that are different from the EAEU tariff rates on a number of goods until 2020. The list includes a handful of agricultural items such as bovine and fish genetics, young plants, seed potatoes, kidney beans for sowing, corn seed hybrids, sauces, and preparations for animal feeds. Any of the above-mentioned items may see some import tariff increases by 2020. Just like Armenia, Kyrgyzstan is expected to launch talks with the WTO on changing its tariff commitments due to its EAEU accession and to ensure that goods imported into the country at lower tariffs than the unified EAEU tariff will be used only in its territory and not be re-exported to other EAEU Member States without payment of the difference between the respective import tariff rates. For more details on the terms of the Kyrgyz accession to the Eurasian Economic Union please see GAIN report [KG1503 Kyrgyzstan Joins Eurasian Economic Union](#).

As part of its EAEU accession, Kyrgyzstan established tariff-rate quotas (TRQs) at the end of 2015. [EEC Collegium Decision No. 134](#) of October 2015 specified TRQs and respective volumes for imports of meat, poultry and whey into the Kyrgyz Republic for 2015 and 2016. In particular, the TRQs cover frozen beef; fresh, chilled and frozen pork and poultry, and whey. Decision No. 134 came into force as of October 24, 2015. For further details please see GAIN report [KG1504 Meat Poultry Whey TRQs Established for Kyrgyzstan](#).

The Government of Kyrgyzstan issued [Decree No. 889 of December 29, 2015](#), which approved the Rules for distribution of the TRQ volumes among importers, and the Ministry of Agriculture announced the first round of the TRQ distribution (25 per cent of the annual TRQ volumes) in early January 2016.

According to the Decree No. 889, the remaining 75 per cent of the TRQs should be distributed by April 1 of each year.

### **FTA with Vietnam**

The [EAEU-Vietnam Free Trade Agreement](#) (FTA) was signed on May 29, 2015, and became the first ever international free trade zone between the EAEU and a third party. The agreement particularly stipulates the conditions for tariff liberalization of trade between the EAEU Member States and Vietnam by reducing or slashing to zero import customs duties' rates for a major part of commodities. The FTA is pending ratification and will enter into force 60 days after completion of the internal legal procedures by the EAEU Member States and Vietnam. As of March 11, 2016, only Kazakhstan has ratified the FTA.

According to the schedules of FTA tariff commitments, both the EAEU and Vietnam will have a number of agricultural items completely excluded from any tariff commitments. According to the EEC, the EAEU will keep customs duties on the most sensitive groups of products, such as meat, milk, tea, coffee, sugar, instant drinks, pipes, aircraft, cars and so on, while Vietnam will keep import duties on certain groups of ready meat products, pastry and sweets, salt, industrial waste, precious metal products, special-purpose vehicles and so on, which are largely of no export interest to manufacturers in the EAEU countries.

EEC officials were quoted in the press as estimating the FTA could increase overall trade between the EAEU and Vietnam from the current \$4 billion to \$10 billion by 2020. For more details on the FTA please see GAIN report [RS1538 Eurasian Economic Union Ag Times No. 3 of 2015](#).

### **Kazakhstan Joins WTO**

Kazakhstan became the 162<sup>nd</sup> WTO member on November 30, 2015, after 20 years of accession negotiations. Press reports indicated, in particular, that following Kazakhstan's accession to the WTO, the country's average import tariff on agricultural goods should decrease dramatically, from 16.7 per cent to 7.6 per cent.

In order to ensure Kazakhstan's compliance with its WTO tariff commitments, the EEC issued [EEC Council Decision No. 59](#) on October 14, 2015, which approved a list of goods with import tariff rates for Kazakhstan, which are lower than the unified EAEU tariff. The list includes many agricultural items, such as some live animals, beef, pork, poultry, fish, seafood, and dairy products; some fresh and processed fruits and vegetables, processed nuts, coffee, tea, rice, sorghum, starches, copra; vegetable oils, margarine; sugar, some prepared food items, fruit juices, wines and other alcoholic beverages; dextrans, and some raw flax products.

The EAEU Member States also signed a separate [Protocol](#) to regulate the import and movement in the EAEU of goods imported to Kazakhstan from third countries at rates that are lower than the unified EAEU tariff. The Protocol came into force on January 11, 2016. According to the document, goods imported to Kazakhstan at lower tariff rates will be released into circulation only for the market of Kazakhstan. For such goods to obtain the status of "EAEU products" and be delivered to other EAEU Member States, the importer will have to pay the unified EAEU tariff at the time of the goods' entry. According to the EEC, in the future it may consider some unified EAEU tariff reductions to the level of

the WTO tariff commitments of Kazakhstan in order to reduce the number of such import tariff exemptions in the EAEU.

Additionally Kazakhstan has pledged not to allow the export of goods under veterinary control that would be imported to Kazakhstan under requirements differing from those of the EAEU, or the export of products that would be produced from such imported goods. For this purpose an automated system of tracking such goods will be used and the EAEU Member States will adjust their specialized systems in order to facilitate the necessary information exchange.

### **Current Administration of the Eurasian Economic Union**

The EAEU governing bodies currently include the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council, the Eurasian Economic Commission (EEC), and the Court of the Eurasian Economic Union. The EAEU bodies act within the powers accorded to them by the Treaty on the Eurasian Economic Union and international treaties of the EAEU.

Chairmanship in the Supreme Council, Intergovernmental Council and the EEC is arranged on a rotational basis, in the Russian alphabetic order, with one Member State chairing within one calendar year without the right of prolongation. Belarus chaired the EAEU bodies in 2015, while Kazakhstan took the chairmanship over as of January 1, 2016.

The Supreme Eurasian Economic Council is the supreme body of the Union, formed by the heads of the Member States who meet at least once a year. The Supreme Council considers the main issues of the EAEU activities, defines the strategy, directions and prospects of the integration development.

The Eurasian Intergovernmental Council consists of the Heads of the Member States Governments and meets at least twice a year. The powers of the Intergovernmental Council include ensuring implementation of the EAEU Treaty, preparing draft decisions for the Supreme Council, and considering any issues for which no consensus was reached at the EEC level.

The Eurasian Economic Commission is the permanent governing body of the Eurasian Economic Union with powers and duties over customs tariff and non-tariff regulation; customs administration; technical regulations; sanitary, veterinary and phytosanitary measures; establishment of trade regimes with third countries; statistics; monetary policy regulation; macroeconomic issues; energy and competition policy; regulation of state monopolies; industrial and agricultural subsidies; procurement; trade in services and investments; transportation; intellectual property; migration, and financial markets.

Similar to the regulatory bodies of the European Union, the EEC has two tiers. The upper tier, its council, currently includes deputy prime ministers of the five EAEU Member States, as follows:

Armenia	Belarus	Kyrgyzstan	Kazakhstan	Russia
Mr. Vache Gabrielyan	Mr. Vasily Matyushevsky	Mr. Bakytzhan Sagintaev	Mr. Oleg Pankratov	Mr. Igor Shuvalov
Vice-Prime Minister, Minister of International Economic Integration and Reform	First Deputy Prime Minister	First Deputy Prime Minister	Vice-Prime Minister	First Deputy Prime Minister

Decisions of the EEC Council are taken by consensus. According to the EEC Rules of Procedure, the EEC Council meets as often as necessary, but at least once a quarter. In 2015, the EEC Council had nine meetings.

The lower level of the EEC, the board, which is called the “Collegium”, is the executive body of the EEC with decision-making powers over customs duties as well as sanitary, veterinary, and immigration controls. The EEC Collegium also oversees the allocation of industrial and agricultural subsidies. Members of the EEC Collegium are appointed by the Supreme Council for a term of four years with a possible extension of powers. The Chairman of the EEC Collegium is also appointed for a term of four years on a rotational basis without the right of prolongation. Starting in 2016, rotation is held alternately in the Russian alphabetical order by names of the Member States, with Armenian representative currently chairing the EEC Collegium.

After the expiration of its first term, the EEC Collegium was restructured in early 2016 to reflect the launch and expansion of the EAEU. In particular, in 2012-2015 the Customs Union allowed Russia, Belarus and Kazakhstan each three representatives in the first EEC Collegium. Its nine members, also called EEC Ministers, included Viktor Khristenko, Russia’s former Minister of Industry and Trade, as Chairman. Three representatives from Armenia and two from Kyrgyzstan joined the Collegium in 2015, with no assigned authority for the initial period of their appointment through the end of January 2016.

The second EEC Collegium, consisting of two members per country with a total of ten EEC Collegium Ministers, commenced on February 1, 2016. The current members of the EEC Collegium are as follows:

- Tigran Sargsyan, Chairman of the Collegium since February 2016 (former Ambassador to the U.S. and Prime Minister of the Republic of Armenia); *replaced Viktor Khristenko (former Minister of Industry and Trade for Russia);*
- Tatyana Valovaya, Minister of Integration and Macroeconomics since February 2012 (former Director of the Russian Government Department on International Cooperation);
- Timur Suleimenov, Minister of Economic and Financial Policy since February 2012 (former Deputy Minister of Economy and Trade for Kazakhstan);
- Sergey Sidorsky, Minister of Industry and the Agro-industrial Complex since February 2012 (former Prime Minister of Belarus);

- Veronika Nikishina, Minister of Trade since February 2016 (former Assistant to the First Deputy Chairman of the Government of the Russian Federation, Director of Department of Americas and Department of Coordination, Development and Management of Foreign Economic Activity of the Russian Ministry of Economic Development); *replaced Andrei Slepnev, (former Deputy Minister of Economic Development for Russia)*;
- Valery Koreshkov, Minister of Technical Regulation since February 2012 (former Chairman of the State Committee for Standardization of Belarus);
- Mukay Kadyrkulov, Minister of Customs Cooperation since February 2016 (former First Deputy Chairman of the State Customs Service of the Government of the Republic of Kyrgyzstan); *replaced Vladimir Goshin, (former First Deputy Chairman of the State Customs Committee of Belarus)*;
- Danil Ibrayev, Minister of Energy and Infrastructure since February 2016 (former Deputy Minister of Economy of the Republic of Kyrgyzstan); *replaced Tair Mansurov (former General Secretary of the Eurasian Economic Community who was appointed to the EEC in December 2014 to replace Danial Akhmetov, former Prime Minister of Kazakhstan)*;
- Nurlan Aldabergenov, Minister of Competition and Antitrust Regulation since February 2012 (former First Vice Chairman of the Kazakh Agency for Regulation of Natural Monopolies); and
- Karine Minasyan, Minister of Internal Markets, Information support, Information and Communication Technologies since February 2016 (former First Deputy Minister of Economy of the Republic of Armenia); *this is a new portfolio created for the EEC Collegium in February 2016.*

The EEC Collegium has established a number of Consultative Committees in accordance with the Treaty on the Eurasian Economic Commission of November 18, 2011. Such Committees may include both government officials of the CU Member States, and independent experts. One of these Committees, with the ability to impact a significant portion of U.S. agricultural exports, is the Consultative Committee on Technical Regulation, Sanitary, Veterinary, and Phytosanitary Measures. This Committee drafts EEC decisions together with the Collegium, or Board Members.

As of March 11, 2016, the members of the aforementioned Consultative Committee are as follows:

## Armenia

- Lilit Avetisyan – Deputy Director General of the National Center for Disease Control and Prevention
- Garnik Zh. Badalyan – Deputy Minister of Economy
- Nune Bakunts – Deputy Director General of the National Center for Disease Control and Prevention
- Lusine A. Davtyan – Deputy Head of the State Service of Food Products Safety, Ministry of Agriculture
- Lili P. Maksudyan – Head of Division of Standardization, Metrology, and Technical Regulation, Ministry of Economy
- Artak Saakyan – Head of the State Healthcare Inspection, Ministry of Health
- Emil S. Tarasyan – Deputy Minister of Economy

## Belarus

- Igor V. Gayevsky – Deputy Minister of Health & Chief Medical Officer of the Republic of Belarus
- Vladimir V. Grakun – Deputy Minister of Agriculture and Food
- Aleksandr I. Kutsko – Deputy Director of Department of Veterinary and Food Surveillance, Ministry of Agriculture and Food; Deputy Chief State Veterinary Inspector of the Republic of Belarus
- Viktor V. Nazarenko – Chairman of the State Committee for Standardization
- Vasily P. Pivovar – Deputy Minister – Director of Department of Veterinary and Food Surveillance, Ministry of Agriculture and Food; Chief State Veterinary Inspector of the Republic of Belarus; Chief Veterinary Officer of the Republic of Belarus
- Anzhela L. Skuranovich – Deputy Chief Doctor of the State Institution “Republic Center of Hygiene, Epidemiology, and Public Health”
- Sergey I. Sychik – Director of the Republican Unitary Enterprise “Scientific and Practical Center of Hygiene”
- Valentin B. Tataritskiy – First Deputy Chairman of the State Committee on Standardization

## Kazakhstan

- Bibgul T. Bekenova – Director of Department of Veterinary and Food Safety, Ministry of Agriculture
- Galymzhan T. Dugalo – Deputy Chairman of the Committee of Technical Regulation and Metrology, Ministry of Investment and Development
- Serikzhan Z. Kanaev – Member of the Committee on Economic Reform and Regional Development; Mazhilis of the Parliament of the Republic of Kazakhstan
- Birzhan B. Kaneshhev – Chairman of the Committee of Technical Regulation and Metrology, Ministry of Investment and Development
- Aidyn M. Karimov – Deputy Director of Department of International Economic Integration; Ministry of National Economy
- Rakhim S. Oshakbaev – Deputy Chairman of the Board (Board Member) of the National Chamber of Entrepreneurs of the Republic of Kazakhstan “Atameken”
- Azat T. Peruashev – Member of the Committee on Economic Reform and Regional Development; Mazhilis of the Parliament of the Republic of Kazakhstan

- Nurkan O. Sadvakasov – Head of Division on Control over Implementation of Requirements of Technical Regulations and Sanitary Measures; Committee on Consumer Rights Protection, Ministry of National Economy

#### Russian Federation

- Aleksey V. Abramov – Head of the Federal Agency on Technical Regulation and Metrology
- Sergey A. Dankvert – Head of the Federal Service for Veterinary and Phytosanitary Surveillance
- Igor N. Kagramanyan – Deputy Minister of Health
- Sergey L. Levin – Deputy Minister of Agriculture
- Gleb S. Nikitin – First Deputy Minister of Industry and Trade
- Dmitry Yu. Petrov – Public Representative of the Commissioner for the President of the Russian Federation for Protection of Entrepreneur’s Rights on Issues of Certification, Licensing, and Technical Regulation
- Anna Yu. Popova – Head of the Federal Service for Supervision of Consumer Rights Protection and Wellbeing; Chief Sanitary Doctor of the Russian Federation
- Aleksandr L. Rybas – State-Secretary, Deputy Head of the Federal Service for Environmental, Technological and Atomic Supervision
- Oleg V. Fomichev – State-Secretary and Deputy Minister of Economic Development;
- Savva V. Shipov – Head of the Federal Service for Accreditation

Other relevant reports:

[RS1478 Eurasian Integration Continues with the Eurasian Economic Union](#)

[RS1493 Eurasian Conformity Mark for Poultry and Red Meats](#)

[RS14100 Draft CU Technical Regulation on Poultry Notified to WTO](#)

[RS1502 Translation of Draft CU Technical Regulation on Poultry](#)

[RS1506 Eurasian Conformity Mark for Food Products](#)

[RS1511 Customs Union Ag Times No. 1 of 2015](#)

[AM1501 Transitional Import Tariffs for Armenia in EAEU until 2022](#)

[RS1531 Eurasian Economic Union Ag Times No. 2 of 2015](#)

[RS1538 Eurasian Economic Union Ag Times No. 3 of 2015](#)

[RS1540 Russian Food Ban Extended Until August 2016](#)

[KG1503 Kyrgyzstan Joins Eurasian Economic Union](#)

[RS1560 Eurasian Economic Commission Announces 2016 TRQs](#)

[RS1578 Eurasian Economic Union Ag Times No. 4 of 2015](#)

[KG1504 Meat Poultry Whey TRQs Established for Kyrgyzstan](#)

[RS1596 Eurasian Economic Union - New Pesticide MRLs](#)

[RS15104 Eurasian Economic Union Ag Times No. 5 of 2015](#)