**Possible trade facilitating and regional value chains promoting effects
of the Eurasian Economic Union (EAEU)**

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**Abstract**

The EAEU came into force on January 1, 2015. In comparison with previously existing Customs Union of Russian Federation, Republic of Belarus and Republic of Kazakhstan it also encompasses Republic Armenia. Kyrgyzstan is expected to join the club in the nearest future.

Creation of the EAEU implies harmonization of trade policy, creation of the single economic space, development of trade and investment flows between member states. At the same time, current level of co-operation (with an exception of Russian-Belarusian relations) is rather low. Regional value chains are hardly existing.

The paper assesses developments in EAEU regulation presumable conducive to trade facilitation, as well as establishing/restoration of regional value chains.

**Keywords**

The Eurasian Economic Union, the EAEU, regional integration, regional value chains, trade facilitation, asymmetric integration.

**Introduction**

On the 29th of May, 2014 a treaty of establishing the Eurasian Economic Union (EAEU) was passed. Republic of Belarus, Republic of Kazakhstan and Russian Federation ratified the agreement. On the 1st of January, 2015 the Treaty came into force. Already on the 2nd of January, 2015 Republic of Armenia “joined the club”. Kyrgyz Republic announced that it is also would like to become a member of the Union in the nearest future. At the moment it unifies a huge market with more than 170 million inhabitants.

The paper is based on the initial hypotheses of:

* ambiguous interdependence between international trade and investments;
* trade facilitation within regional trade agreements tends to generate additional trade-diversion and trade-creation effects

**The EAEU Treaty: key issues**

As its predecessor – the Customs Union of Russia, Belarus and Kazakhstan (RBK CU)[[2]](#footnote-2), a new regional integration block is built in a classical form of the CU with common customs tariffs, trade regime and free movement of goods between the territories of the Member States. In addition to key features of the CUs, countries should also coordinate their economic policies in the main economic fields: industrial production, agriculture, energy, and transportation.

The agreement *per se* contains understanding of challenges faced by the members the EAEU. Article 4 of the agreement identifies main objectives of the Union: 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 labor within the Union; and to ensure comprehensive modernization, cooperation and competitiveness of national economies within the global economy[[3]](#footnote-3). In the Preamble of the treaty it is stated that parties are driven by “the urge to strengthen the economies of the Member States of the Eurasian Economic Union and to ensure their balanced development, convergence, steady growth in business activity, balanced trade and fair competition”[[4]](#footnote-4). Participants also realize that they are facing common problems “with regard to sustainable economic development”[[5]](#footnote-5).

The Treaty contains provisions on common efforts devoted to development of a single economic space (Art. 28) with free movement (with some exceptions) of goods, persons, services and capital; infrastructure development (Art. 27) – Establishing and Functioning of Free (Special) Economic Areas and Free Warehouses. A special section is devoted to the Establishing a Common Market of Medicines, medical products[[6]](#footnote-6). General provisions on foreign policy are described in Section IX, including objectives, principles, MFN treatment application, tariff preferences in Respect of Goods Originating from Developing and/or Least Developed Countries, trade remedies, etc[[7]](#footnote-7). Section X establishes provisions for technical regulation, including principles of uniformity in the application of the requirements of the Union’s technical regulations, regardless of types and/or specific features of transactions, harmonization of interstate standards with international and regional standards, and uniformity of rules and procedures for mandatory conformity assessments[[8]](#footnote-8). A following one is devoted to sanitary and phytosanitary measures. Implementation of measures, contained in Sections X and XI, would not only influence external trade of the EAEU member states, but facilitate internal economic transactions.

Provisions on trade in services and investments (Section XV)[[9]](#footnote-9) might inspire trade and encourage regional value chains (RVCs) development, as well as ideas, mentioned in Section XXIV – Manufacturing industry: even though members of the EAEU develop their national industrial policies independently, they might foster industrial cooperation by promoting collaboration in creating high-tech, innovative and competitive products, development of joint projects, technology platforms and industrial clusters, conduction of joint research and development activities in order to promote high-tech industries[[10]](#footnote-10).

General principles and Rules of competition (Section XVIII), as well as provisions on taxes and taxation (Section XVII) create rules “ensuring detection and elimination of anti-competitive behavior” and “determine the directions, forms and procedures for the harmonization of legislation in respect of taxes affecting their mutual trade”[[11]](#footnote-11).

Creation of the Eurasian Economic Union Court (The Court of the Union), which has to ensure, in accordance with the provisions of its Statute, “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”[[12]](#footnote-12), establishes a background for the civilized, impartial dispute settlement between the EAEU countries.

All in all, the Treaty on the Eurasian Economic Union is a comprehensive agreement that contains provisions on various direction of trade policy development. It contains understanding of key challenges faced by its members, as well as . Various provisions of the document might create a background for deeper co-operation between member states, growth of trade and investment flows, rules harmonization in combination with the existing economic and industrial potential of the countries might stimulate regional value chains development. Now it is necessary to analyze the economic background behind the EAEU project.

**Regional trade and investment flows**

The EAEU is a typical asymmetric CU with clear domination of Russia in the internal trade. The share of Russian Federation in the internal export traditionally exceeds 60 per cent, one of Belarus is more than 20 per cent, and the contribution of Kazakhstan is just about 10 per cent (Graph 1). Moreover, Armenian export to the EAEU is rather small: it was just 0,015 per cent of the internal export in the 1st quarter of 2015. Small size of Armenian economy and absence of common borders with other EUAE states explain this fact very well.

Graph 1. Internal trade of the EAEU members – export, USD million

Source: External and internal trade of the EAEU http://eec.eaeunion.org/ru/act/integr\_i\_makroec/dep\_stat/tradestat/time\_series/Pages/default.aspx

Commodity structure of mutual trade is dominated by mineral products (30.7% of the mutual trade volume). About 80% of them come from the Russian Federation. The share of machinery, equipment and vehicles accounts for 21.5% of the volume of mutual trade, of which 62.4% came from the Russia and 35.3% from Belarus. About 14% of internal trade comes from food and agricultural raw materials. More than 60% of them come from Belarus. Metals and metal products account for approximately 11%. Russian Federation leads on this market 63.4% share[[13]](#footnote-13). As for Kazakhstan – it supplies to the common market mineral products and metals.

Export to the EAEU members has distinct importance for its members. The EAEU is the most important market for Belarus (Graph 2). Key export targets of Kazakhstan and Russia are outside of the Union as the biggest part of their export is mineral products. For Armenian export in the 1st quarter of 2015 the share of the EAEU accounted just for 0,5 per cent.

Graph 2. Shares of EAEU in member states’ export.

Source: External and internal trade of the EAEU http://eec.eaeunion.org/ru/act/integr\_i\_makroec/dep\_stat/tradestat/time\_series/Pages/default.aspx

Belarus supplies dairy and meet products to Russia (more than 20 per cent of the total country’s export), machinery and equipment (14 per cent) and vehicles (11%). It imports from Russia not only mineral products (almost 52%), but ferrous materials (8%), and machinery (7,5%). As for Belorussian export to Kazakhstan, vehicles prevail (more than 22 per cent) machinery and equipment take more than 15%, mineral fuel (10%) and dairy and meet products almost 10 per cent. Almost one third of Kazakh export to Belarus are ferrous materials (32,1%), cotton (11%), mineral fuels (10,2%), chemical products and fertilizers (8,3 and 7,9 percent correspondingly). Russia imports from Kazakhstan mainly mineral products (46% of country’s export to Russia) and ferrous materials (16,4%). Russia delivers vehicles, machinery and equipment (more than 30%), ferrous materials (12%) and mineral fuel (12,4%).

Belarus depend a lot from the EAEU market: it keeps about 40% of the ..., while Russia and Kazakhstan almost equally share the rest 60% (Graph 3).

Graph 3. Internal trade of the EAEU members – import, USD million

Source: External and internal trade of the EAEU http://eec.eaeunion.org/ru/act/integr\_i\_makroec/dep\_stat/tradestat/time\_series/Pages/default.aspx

The biggest part of Belorussian export comes from the EAEU: more than 60 per cent of the country’s total import (Graph 4). For Armenia the share of the EAEU in import substantial as well 28,1 percent.

Graph 4. Shares of EAEU in member states’ import.

Source: External and internal trade of the EAEU http://eec.eaeunion.org/ru/act/integr\_i\_makroec/dep\_stat/tradestat/time\_series/Pages/default.aspx

In the mutual trade of the EAEU members one could find a rather big share of semi-manufactured goods (67,2) But a substantial part of this belongs to the energy sector 26,4%[[14]](#footnote-14), while 36,3% other intermediates[[15]](#footnote-15). And this is a background for the RVCs development.

Statistics on mutual investments of the EAEU countries is presented in Appendix 1. It clearly indicates that investments flows between Armenia, Belarus and Kazakhstan hardly exist. At the same time Russia is an important host county for the member states markets, but is share in their FDI inflows had decreased substantially since 2011 (from 70 to 29,8 per cent in Belarus and 53,6 to 21,6 in Armenia). As for Kazakhstan, one could observe a growth of Russian share in 2013 till 13,1%, but in 2011 and 2014 it was rather low: 7,3 and 6,7% correspondingly. One should not underestimate Russian investments in the EAEU countries.

Russia is a key destination for FDI outflows from Belarus (95,1% in 2011 and 58,5% in 2013). The share of Kazakh investments in Russia is increasing from 3,5 per cent in 2011 to 9,4 per cent in 2013. Armenian statistical bodies do not register any FDI outflows. Official statistics (like in the case of Russia) registers substantial volumes of investments coming from Cyprus in case of Belarus (graph 5) and from the Netherlands in case of Kazakhstan (graph 6). A part of this investments is originated in Russia.

Graph 5. FDI stock in RB, by 01/01/13, thousands of USD

Source: National Statistical Committee of Belarus. www.belstat.gov.by

Graph 6. FDI inflows to Kazakhstan, USD million

Source: Committee on statistics. Ministry of National Economy of the Republic of Kazakhstan. http://www.stat.gov.kz/

Many large companies in Armenia belong to the Russian capital. Gazprom for many years was the largest shareholder of Armenian national gas monopoly ArmRosgasprom (now – Gazprom Armenia). In 2014 Gazprom increased its share in the company’s capital to 100%[[16]](#footnote-16). Russian companies invest into energy, metal, constriction sectors, banking and telecommunication services. Some companies were passed on from Armenia to Russia to cover a certain part of national public debt.

**Business environment in the EAEU countries:
a comparative analysis**

Lowering transportation costs and the IT revolution give companies an opportunity to c coordinate their production needs on a real-time basis, no matter what the geographical location of the producer[[17]](#footnote-17). At the same time the bulk of existing global value chains has a regional character. Regardless substantial lowering of transportation costs, distances still play an important role in business allocations. What matters is not only the distance between the suppliers of raw materials and semi-finished products, but also the distance to key markets. Among key centers of gravity there are North America, Europe and Eastern Asia. Regional integration fosters development of RVCs due to harmonized provisions, e.g. rules of origin and all kind of behind-the-border regulatory issues. The distance factor can be minimized only by improving the quality of the entire range of logistics services.

Distance is an important factor in explaining why GVCs actually operate as “regional production patterns” – what matters is not only the distance between suppliers of inputs but also the distance to markets. The distance factor can be overcome, however, but only if the operation of port/airport facilities and accompanying services (ICT services, customs clearance procedures, low inventory cost systems, among others) can compensate for the greater distance with greater efficiency[[18]](#footnote-18).

While large TNCs initiate development of the GVCs, SMEs actively participate in the networks. In quantitative terms, the vast majority of companies participating in GVCs belong to the category of SMEs. Both TNCs and SMEs face barriers in their way to build/to be included to the GVCs. While for large companies they consists of issues of organization and ensuring the sustainability of the chains, in particular, choosing proper partners, taking into consideration cross-cultural differences, language barriers, etc.; for smaller companies they include access to trade financing, identifying partners for GVC operations, payment processing issues, trade barriers (transportation costs). There are also other external challenges that influence development of the GVCs that include customs regulations, rules of origin application, technical regulation and logistic infrastructure.

In the EAEU (like in the RBK CU) one could expect a substantial growth of the RVCs development due to the elimination of custom procedures, attempts made towards technical regulation, and the single market creation (with some exceptions). Even though cross-cultural issues exist, the cultural distance not so huge due to the common Soviet history. At the same time, as it was shown in the previous part of the paper, mutual trade and investment flows decrease. Partly this could be explained by the consequences of economic crises, but key reasons behind that come from barriers that still influence cooperation between the member states.

With the elimination of tariff barriers other factors influencing mutual trade and investment flows, as well as non-tariff barriers, logistic infrastructure.

To get an understanding on the entrepreneurial environment one could rely on the World Bank doing business report. Appendix 2 contains key indicators used in the report in respect to the EAEU member states. Armenia has the highest rank in ease of doing business ranking among four countries. It also requires a smaller number of procedures and days to create a new company. Belarus is better in terms of getting construction permits (including number of procedures and costs), Kazakhstan – in getting electricity. According to the review, Russian Federation showed the lowest performance in 2014[[19]](#footnote-19).

In 2015 the Eurasian Bank of Development finalized non-tariff measures influencing development of mutual cooperation between Russia, Belarus and Kazakhstan. According to the survey, the main barriers that increase the cost of trade within the EAEU are technical ones, including obligatory testing requirements and certification, as well as measures that affect competition and price controls. All in all, Belorussian companies estimate effect from all barriers as about 15% of export price, while valuations of Russian and Kazakh businessman indicate almost 25%[[20]](#footnote-20). As a results, countries mutual trade is represented by the narrow assortment of products with the exception of Belarusian export to Russia.

Firms from countries with a low level of logistics infrastructure have minimal chances to participate in the value chains. This is a key issue for Armenia, that does not have a land or a sea border with other EAEU members. In cooperation with Russia Armenia is working on infrastructure development: construction of the Caucasus-Poti railway-ferry route[[21]](#footnote-21), opening car-ferry route Poti-Novorossisk, and a resumption of railway communication through Abkhazia. The World Bank Logistics Performance Index (LPI) helps to analyze positions of the EAEU countries with this respect[[22]](#footnote-22).

Russian Federation in 2014 got the 90th place out of 161, Armenia was 92nd, Belarus 99th, and Kazakhstan – 88th. Kazakhstan is just one line higher than Armenia in infrastructure rank. Among key problems of Kazakhstan there are insufficient volumes of new roads construction, low quality of motorways, high risks of transportation (including high accident rate), low level of internal roads development (weak infrastructure, there is an absence of roads with hard surface to 800 human settlement)[[23]](#footnote-23). Many Kazakh problems are relevant to Russia as well.

Table 1

Some indicators of the Logistic Performance Index and of EAEU countries

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | LPI rank | Infrastructure rank | Logistics competence | Timeliness |
| Russia | 90 | 77 | 80 | 84 |
| Belarus | 99 | 86 | 116 | 98 |
| Kazakhstan | 88 | 106 | 83 | 69 |
| Armenia | 92 | 107 | 79 | 93 |

Sourse: <http://lpi.worldbank.org/international/global>

World Economic Forum’s Enabling Trade Index (ETI) captures four major aspects relevant to the operation of supply chains: i) market access; ii) border administration; iii) transport and telecommunications infrastructure; and iv) business environment, and ranks 138 countries according to their aggregate performance on each, as well as on all four aspects collectively[[24]](#footnote-24). It does not calculate the index for Belarus. Sub-indices for other EAEU members are presented in table 2.

Table 2

Enabling Trade Index 2014 and sub-indices

|  |  |  |  |
| --- | --- | --- | --- |
|  | Russia | Kazakhstan | Armenia |
| **ETI 2014** | 105 | 94 | 53 |
| **Market access** | 132 | 108 | 9 |
| - Domestic market access | 127 | 112 | 12 |
| - Foreign market access | 84 | 59 | 34 |
| **Border administration** | 103 | 127 | 73 |
| **Infrastructure** | 52 | 53 | 73 |
| - Availability & quality of transport infrastructure | 42 | 61 | 69 |
| - Availability & quality of transport services | 82 | 65 | 76 |
| - Availability & use of ICTs | 44 | 42 | 72 |
| **Operating environment** | 119 | 67 | 47 |

Source: The Global Enabling Trade Report 2014. Ed by. M.D. Hanouz, Geiger T., and Doherty S. World Economic Forum, 2014

Armenia used to have the most liberal market access rules compare to Russia and Kazakhstan and more efficient border administration. Higher Russian indices for Availability & quality of transport infrastructure and use of ICTs are quite foreseeable. At the same time, operation environment in Russia is not friendly: 2,5 times worse than in Armenia and 1,8 than in Kazakhstan.

**Regional value chains development: key issues and challenges**

Participation of Russian companies in international value chains remains very low. The latest figures available in the OECD/WTO database of trade in value-added (TiVA) estimate a domestic value added embodied in exports for Russia at the level of US$ 308,530.2 million in 2009 and a domestic value added embodied in foreign final demand at US$ 305,654.1 million (OECD, 2013). At the same time, the entire export of the country, according to the same source, amounted to US$ 331,374.8 million. This means that the bulk of the products that were exported from Russia did not participate in value chains. This is no surprise, taking into consideration the structure of Russia’s foreign trade. The foreign value-added share of gross exports for Russia was 9.58 per cent in 2005, 9.02 per cent in 2008 and 7.2 per cent in 2009 (OECD, 2013)[[25]](#footnote-25).

OECD/WTO TiVA database does not contain information on other EAEU members, rather than Russia. So it is quite difficult to make a proper comparison of their participation in GVCs. At the same time one might argue that the situation is very similar for Kazakhstan (export structure is dominated by mineral products). As for regional value chains they party might be a result of economic cooperation between members states, and partly – as an outcome of investment activities.

Regardless overall modest situation with RVCs development, one could observe certain positive trends. For example, the main priorities of the Belarusian companies investment policy is in establishing assembly plants in Russia. They should produce Belarusian equipment[[26]](#footnote-26).

Among the joint programmes that will be supported by the member governments, there are space technologies, the third generation of thermal imagers, the new chips and semiconductor devices, and a new generation of microsystems. Development of these projects is not feasible without construction of RVCs.

Russian-Kazakh cooperation is developing in space industry. In addition to that, it is worth to mention currently operating in Kazakhstan a joint vehicle assembly company KAMAZ-Engineering that assembles trucks, dumpers, and other large vehicles. Another joint venture Sollers-Tobol is working on the railway equipment production, etc.

Among the key challenges of RVCs development there are the following:

* undiversified export structure of the biggest players of the EAEU – low background of economic cooperation,
* unfriendly business environment in the member states,
* poor infrastructure development,
* existence of a wide range of non-tariff barriers, including technical barriers to trade and certification requirements
* challenges in scientific and technical potential.

**Conclusion**

The Eurasian Economic Union Treaty contains a lot of provisions on a true common market development. At the same time in internal regulation one could observe huge obstacles on trade, investment flows and RVCs development. Most of those barriers were build since the Soviet Union collapse, when newly appeared sovereign states started to develop their national trade policies in accordance with their understanding of how it should be designed, taking into consideration national interest, values and priorities (in the way how they were perceived in the certain point of time by particular political leaders). This leaded to wide discrepancies in regulations that now take a form of all kind of artificial barriers. Proper and rather quick harmonization of national legislations might have a trade facilitating effect.

Other challenges also exist. Natural obstacles like infrastructure improvement also need to be addressed ASAP. At the same time, proper development of mutual economic cooperation is possible if only countries manage to diversify their economies and, therefore, their exports. So, some solutions for mutual economic cooperation fostering could be found in trade facilitating efforts of the EAEU as a single economic space, but the bulk of them are laying down in the overall economic development of the member states.

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Treaty on the Eurasian Economic Union.

Appendix 1

FDI inflows and outflows in EAEU countries, total and from EAEU members
UDS million and shares

|  |  |  |
| --- | --- | --- |
|   | FDI inflows | FDI outflows |
| 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| **Belarus Total, USD million** | **4 002,4** | **1 463,6** | **2 246,1** | **1 832,6** | **125,5** | **155,5** | **262,2** | **33,5** |
| From/to Kazakhstan, USD million | 1,8 | 1,9 | 2,7 | 4,2 | 1,0 | 0,6 | 0,2 | 0,5 |
| From/to Kazakhstan, share | 0,0 | 0,1 | 0,1 | 0,2 | 0,8 | 0,4 | 0,1 | 1,5 |
| From/to Russia, USD million | 2 819,6 | 469,9 | 862,8 | 546,8 | 119,4 | 110,3 | 219,3 | 19,6 |
| From/to Russia, share | 70,4 | 32,1 | 38,4 | 29,8 | 95,1 | 70,9 | 83,6 | 58,5 |
| **Kazakhstan Total, USD million** | **13 760,3** | **13 648,1** | **9 946,8** | **7 597,7** | **5 177,6** | **1 792,3** | **2 012,4** | **1 660,0** |
| From/to Belarus, USD million | 85,8 | 122,5 | 165,0 | 3,6 | -  | -  | 0,9 |  n/a  |
| From/to Belarus, share | 0,6 | 0,9 | 1,7 | 0,0 | -  | -  | 0,0 |  n/a  |
| From/to Russia, USD million | 1 000,1 | 1 069,5 | 1 299,2 | 506,4 | 182,8 | 49,6 | 189,0 |  n/a  |
| From/to Russia, share | 7,3 | 7,8 | 13,1 | 6,7 | 3,5 | 2,8 | 9,4 |  n/a  |
| **Russia Total, USD million** | **55 083,6** | **50 587,6** | **69 218,9** | **20 957,7** | **66 850,8** | **48 822,4** | **86 506,5** | **56 438,0** |
| From/to Belarus, USD million | 121,1 | 141,5 | 230,6 |  n/a  | 2 819,2 | 593,3 | 867,1 |  n/a  |
| From/to Belarus, share | 0,2 | 0,3 | 0,3 |  n/a  | 4,2 | 1,2 | 1,0 |  n/a  |
| From/to Kazakhstan, USD million | 55,8 | 274,2 | 200,7 |  n/a  | 674,2 | 844,5 | 670,8 |  n/a  |
| From/to Kazakhstan, share | 0,1 | 0,5 | 0,3 |  n/a  | 1,0 | 1,7 | 0,8 |  n/a  |
| **Armenia Total, USD million** | **631,4** | **567,4** | **271,2** |  **n/a**  | **-** | **-** | **-** | **-** |
| From/to Russia, USD million | 338,2 | 88,3 | 58,6 |  n/a  | - | - | - | - |
| From/to Russia, share | 53,6 | 15,1 | 21,6 |  n/a  | - | - | - | - |
| From/to Kazakhstan, USD million | 5,5 | - | - |  n/a  | - | - | - | - |
| From/to Kazakhstan, share | 0,0 | - | - | n/a | - | - | - | - |

**Appendix 2**

**Doing business in the EAEU countries: key indicators**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indicator**  | **RF** | **RB** | **RK** | **RA** |
| Ease of doing business ranking  | 62 | 57 | 77 | 45 |
| **Starting a business, rank**  | **34** | **40** | **55** | **4** |
| DTF[[27]](#footnote-27) score for starting a business (0 – 100)  | 92.17 | 91.88 | 90.19 | 97.77 |
| Procedures (number)  | 4.4 | 5 | 6 | 2 |
| Time (days)  | 11.2 | 9 | 10 | 3 |
| Costs, % of income per capita  | 1.2 | 0.8 | 0.5 | 1.0 |
| Minimum capital (% of income per capita) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Dealing with construction permits (rank)**  | **156** | **51** | **154** | **81** |
| DTF score for dealing with construction permits (0–100)  | 56.70 | 78.20 | 58.39 | 73.78 |
| Procedures (number)  | 19.8 | 14 | 25 | 19 |
| Time (days)  | 238.4 | 114 | 156 | 83 |
| Cost (% of warehouse value)  | 1.9 | 0.8 | 1.5 | 1.2 |
| **Getting electricity (rank)**  | **143** | **148** | **97** | **131** |
| DTF score for getting electricity (0–100)  | 60.89 | 59.90 | 72.96 | 64.02 |
| Procedures (number)  | 5.6 | 7 | 6 | 5 |
| Time (days)  | 179.1 | 131 | 88 | 187 |
| Cost (% of income per capita)  | 321.0 | 364.1 | 56.6 | 92.6 |

Source: Doing Business 2015. Going Beyond Efficiency.

1. The WTO Chair Holder [↑](#footnote-ref-1)
2. The Customs Union of the Russian Federation, the Republic of Belarus and the Republic of Kazakhstan. [↑](#footnote-ref-2)
3. Treaty on the Eurasian Economic Union. Article 4. https://docs.eaeunion.org/ru-ru/Pages/DisplayDocument.aspx?s=bef9c798-3978-42f3-9ef2-d0fb3d53b75f&w=632c7868-4ee2-4b21-bc64-1995328e6ef3&l=540294ae-c3c9-4511-9bf8-aaf5d6e0d169&EntityID=3610 [↑](#footnote-ref-3)
4. Ibid. Preamble. [↑](#footnote-ref-4)
5. Ibid. [↑](#footnote-ref-5)
6. Ibid. Section VII. REGULATION ON CIRCULATION OF MEDICINES AND MEDICAL PRODUCTS. [↑](#footnote-ref-6)
7. Ibid. Section IX. FOREIGN TRADE POLICY. [↑](#footnote-ref-7)
8. Ibid. Section X. TECHNICAL REGULATION. Section XI. SANITARY, VETERINARY-SANITARY AND PHYTOSANITARY QUARANTINE MEASURES [↑](#footnote-ref-8)
9. Section XV. TRADE IN SERVICES, INCORPORATION, ACTIVITIES AND INVESTMENTS [↑](#footnote-ref-9)
10. Section XXIV – Manufacturing industry. Article 92. Industrial Policy and Cooperation [↑](#footnote-ref-10)
11. Section XVII. TAXES AND TAXATION. Article 71. Principles of Cooperation between the Member States in Taxation [↑](#footnote-ref-11)
12. STATUTE of the Court of the Eurasian Economic Union. ANNEX 2 to the Treaty on the Eurasian Economic Union. Chapter 1, Para. 2. [↑](#footnote-ref-12)
13. On the results of the mutual trade Between CU and Single Economic Space countries. January-December, 2015. Analytical report. Eurasian Economic Commission. 25.02.15 [↑](#footnote-ref-13)
14. For example, Belarus receives Russian oil for refinery purposes. [↑](#footnote-ref-14)
15. In 2014 trade in intermediary goods within the EAEU decreased by 15% in comparison with the previous year. [↑](#footnote-ref-15)
16. About Gazprom Armenia. http://armenia.gazprom.ru/ [↑](#footnote-ref-16)
17. Stephenson. S. Global Value Chains: The New Reality of International Trade. Strengthening the Global Trade System. ICTSD, December 2013. [↑](#footnote-ref-17)
18. Ibid. [↑](#footnote-ref-18)
19. Doing Business 2015. Going Beyond Efficiency. [↑](#footnote-ref-19)
20. Assessment of on-tariff barriers in the EAEU: results of business surveys. Report 30. Eurasian Bank of Development. St. Petersburg, 2015. <http://www.eabr.org/r/research/centre/projectsCII/projects_cii/index.php?id_4=47862&linked_block_id=0> [↑](#footnote-ref-20)
21. The Caucasus-Poti railway-ferry route came to operation in 2007. Russia supplies grain and food products to Armenia, while imports construction materials. At the same time forwarding agents complain about high costs of transportations services. [↑](#footnote-ref-21)
22. The logistics performance (LPI) is the weighted average of the country scores on the six key dimensions:
1) Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs;

2) Quality of trade and transport related infrastructure (e.g., ports, railroads, roads, information technology);

3) Ease of arranging competitively priced shipments;

4) Competence and quality of logistics services (e.g., transport operators, customs brokers);

5) Ability to track and trace consignments;

6) Timeliness of shipments in reaching destination within the scheduled or expected delivery time. [↑](#footnote-ref-22)
23. Rakhimberdinova M. Analysis of the current stage of Kazakhstan’s transportation infrastructure. In: Mnogogrannost otsenki biznesa: problemy i perspektivy v ysliviakh formirovania naukoemkoi economici. Almaty, 2014. [↑](#footnote-ref-23)
24. World Economic Forum. [↑](#footnote-ref-24)
25. *Sergei Sutyrin, Alexandra Koval, Olga Trofimenko.* Integrating into the multilateral trading system and global value chains: the case of Russia. In: Connecting to global markets. Challenges and opportunities: case studies presented by WTO chair-holders. Ed. by Marion Jansen, Mustapha Sandi Jallab, Maarten Smeets. WTO Publications. Geneva. 2014. p.103-115. <http://www.wto.org/english/res_e/booksp_e/cmark_chap7_e.pdf> [↑](#footnote-ref-25)
26. Russian-Belarusian investment cooperation. Portal of external economic information. Ministry of Economic development of Russian Federation. ehttp://www.ved.gov.ru/exportcountries/by/by\_ru\_relations/by\_rus\_projects/ [↑](#footnote-ref-26)
27. The distance to frontier score aids in assessing the absolute level of regulatory performance and how it improves over time. This measure shows the distance of each economy to the “frontier,” which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy’s distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. [↑](#footnote-ref-27)