



FOREIGN POLICY RESEARCH INSTITUTE

# THE EURASIAN ECONOMIC UNION: PUTIN'S GEOPOLITICAL PROJECT



*RUSSIA POLITICAL ECONOMY PROJECT*



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COVER: Supreme Eurasian Economic Council (SEEC) meeting , May 14, 2018 in Sochi. (Source: [eurasiancommission.org](http://eurasiancommission.org))



# FOREIGN POLICY RESEARCH INSTITUTE

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# *RUSSIA POLITICAL ECONOMY PROJECT*

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## **ABOUT THE AUTHOR**

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**Rilka Dragneva** is a Professor of International Legal Studies at the School of Law, University of Birmingham, UK. Dragneva's main research interests focus on regional integration, EU external policy, legal reform and international diffusion of norms with a special reference to Eastern Europe. Her recent publications focus on the internal and external dynamics of Eurasian economic integration, including its relation to EU's initiatives in the post-Soviet region and to cooperation within the wider Eurasian space. Dragneva's work has strong comparative and interdisciplinary elements. Her expertise in the field has enabled her to engage in interactions with policy-makers and leading think-tanks, law reform technical assistance projects, and professional training activities.

## EXECUTIVE SUMMARY

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Rilka Dragneva

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The Eurasian Economic Union has styled itself as a desired and dynamic partner operating in the international arena in pursuit of its member states' common economic objectives. It has signed several international agreements and boasts a long list of countries interested in establishing trade relations. A closer inspection of the bloc's external relations, however, reveals that they predominantly serve Russia's strategic interests. Based on the bloc's current record, its external deals are unlikely to either engender a significant boost in trade or further functional connectivity outside of Russia's political motivations.



## A POST-SOVIET UNION

The Eurasian Economic Union (EAEU), the flagship project of Vladimir Putin's third presidential term that set out to create a common market for 180 million people, followed several previous attempts at post-Soviet economic integration—most notably the Customs Union established between Russia, Belarus, and Kazakhstan in 2010. Since its launch in 2015,<sup>1</sup> however, growing disagreements between member states have plagued the project, resulting in unilateral action and high-profile trade wars.<sup>2</sup> While internal politics vacillate between limited progress and outright crisis, the EAEU has strived to positively portray its external agenda. High-profile political statements consistently refer to a list of more than 50 states interested in establishing trade relations with the Union.<sup>3</sup> The EAEU has signed trade



agreements with Vietnam and Iran, and in May 2018, it concluded a cooperation agreement with China.

These developments communicate a narrative of viability and attractiveness to domestic and international audiences. The bloc strives to prove it is economically functional, thereby rejecting accusations of Russian neo-imperialism, by pursuing a modern agenda of regionalism. As a result, many in the West see the EAEU as a suitable platform to further economic connectivity while “normalizing” relations with Moscow.<sup>4</sup>

<sup>1</sup> The Treaty on the Eurasian Economic Union was signed by Russia, Kazakhstan, and Belarus in Astana (“The Astana Treaty”) on 29 May 2014 and entered into force on 1 January 2015. Armenia became a formal member of the organization on 2 January 2015 and Kyrgyzstan on 12 August 2015.

<sup>2</sup> Rilka Dragneva and Katarzyna Wolczuk, “The Eurasian Economic Union: Deals, Rules and the Exercise of Power,” Chatham House Research Paper, May 2017, <https://www.chathamhouse.org/sites/default/files/publications/research/2017-05-02-eurasian-economic-union-dragneva-wolczuk.pdf>.

<sup>3</sup> For example, “Sergei Lavrov: Poriadka 50 stran khotiat sotrudnicat’ s EAEU” [Sergei Lavrov: Around 50 states seek cooperation with the EAEU], *Soiuznoe Vechе*, 25 January 2017, <https://souzveche.ru/articles/politics/35309/>; and Eurasian Economic Commission, Pozdravlenie s trekhletiem podpisaniia Dogovora o Evraziiskom ekonomicheskoi soiuze [Congratulations on the third anniversary of signing the Treaty on the Eurasian Economic Union], 29 May 2017, <http://www.eurasiancommission.org/ru/nae/news/Pages/29-05-2017.aspx>.

An examination of the EAEU’s external dealings, however, reveals political motivations and power asymmetries even more severe than those manifest in the bloc’s internal dynamics. The EAEU is fundamental to Russia’s strategy of realizing its global aspirations. Its external relations reflect Moscow’s strategic priorities. Geopolitical considerations overpower economic ones, affecting both the type of trade commitments undertaken and their potential economic benefits.

<sup>4</sup> For example, see, the roundtable report of the International Peace Institute, “Economic Connectivity: A Basis for Rebuilding Stability and Confidence in Europe?,” October 2016, [https://www.ipinst.org/wp-content/uploads/2016/10/1610\\_Economic-Connectivity.pdf](https://www.ipinst.org/wp-content/uploads/2016/10/1610_Economic-Connectivity.pdf).



Discussions between the EAEU and Iran, May 2018. (Source: [eec.eaeunion.org](http://eec.eaeunion.org))



Signing of the Agreement on Trade and Economic Cooperation between the EAEU and the PRC. (Source: [eec.eaeunion.org](http://eec.eaeunion.org))



## RUSSIA'S GEOPOLITICAL INTERESTS

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Russia's stake in the external agenda of the EAEU reflects Moscow's motivation for Eurasian integration, which is primarily geopolitical.<sup>5</sup> Given Russia's trade profile, the EAEU offers little economic benefit, whereas the costs of integration are not negligible. Yet, Russia willingly bears these costs for the bloc's perceived geopolitical benefits.

Russia's interest in Eurasian integration is less about imperial legacies and more about Moscow's understanding of the modern international order. Moscow believes a post-Western world is emerging, where a "deglobalisation and regionalisation of the world economy and politics" replaces U.S. hegemony.<sup>6</sup> By creating the Customs Union in 2010 and the EAEU in 2015, Russia hoped to secure its place in this order. This desire was particularly true as Western-driven initiatives, such as the Trans-Pacific Partnership (TPP), seemingly tried to exclude Russia from integration. In this sense, the EAEU endowed Russia with the regional clout to participate in restructuring the global arena. As Vladimir Putin famously stated in an October 2011 *Izvestiya* article, the Eurasian Economic Union can be "one of the poles of the modern world and effective link between Europe and the

dynamic Asia-Pacific region."<sup>7</sup> An essential aspect of Russia's international strategy is the insistence on the equal partnership between integration initiatives to guarantee the global stability.

Russia has a strong stake in bolstering the EAEU's reputation as a bloc capable of dealing with external actors, but also in selecting these actors and determining the nature of engagement with them. In *Izvestiya*, Putin described the EAEU as an innate part of Greater Europe. By engaging with the EU, third-party countries, and other regional structures, he argued, the principles of free trade can spread from the Atlantic to the Pacific. However, after Russia's annexation of Crimea and the resulting geopolitical standoff with the West, Moscow turned its focus east. Throughout late 2015 and 2016, officials developed the Greater Eurasian Partnership strategy in a series of high-level political statements. The Partnership charts an agenda for cooperation between Eurasian integration groupings, such as the EAEU, Shanghai Cooperation Organisation (SCO), and ASEAN, but also with a range of major regional powers, specifically China, India, Pakistan, and Iran.<sup>8</sup>

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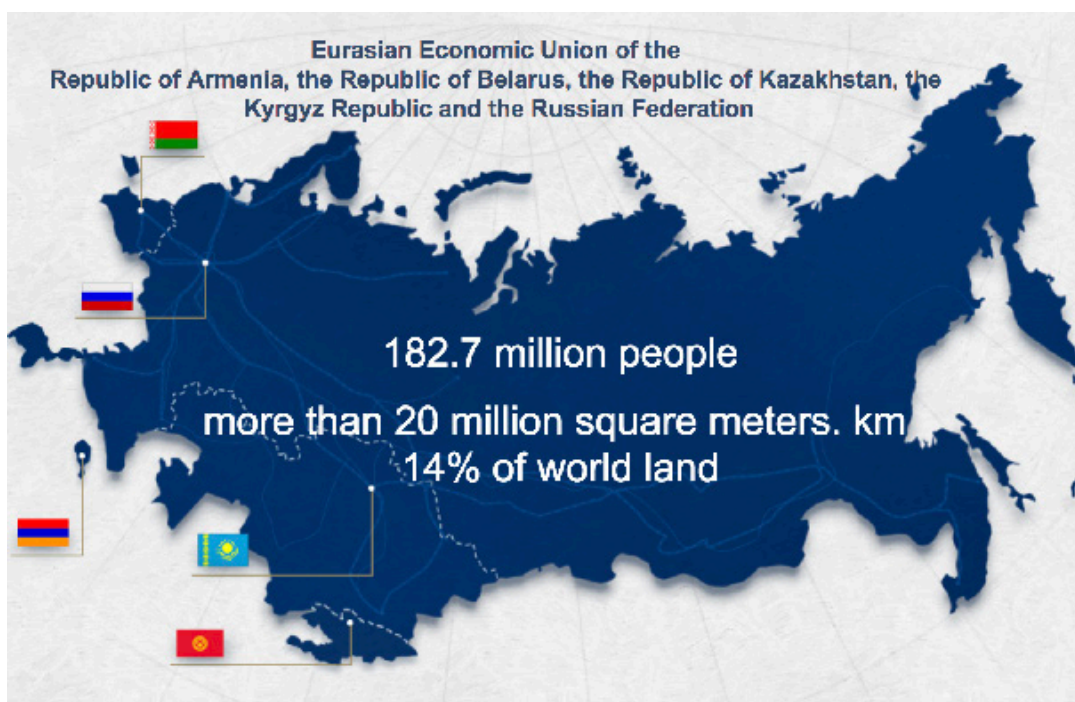
7 Vladimir Putin, "Novyi integratsionnyi proekt dlia Evrazii – budushchee, kotoroe rozhdaetsia segodnia" [New Integration Project for Eurasia: A Future which is Born Today], *Izvestiya*, 4 October 2011.

8 See, for example, Vladimir Putin, Address at the Plenary Session of the St. Petersburg International Economic Forum, 17 June 2016, <http://en.kremlin.ru/events/president/news/52178>. For more, Marcin Kaczmarek, W. Rodkiewicz, "Russia's Greater Eurasia and China's New Silk road: adaptation instead of competition," *OSW Commentary*, 21 July 2016.

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5 Dragneva and Wolczuk, "The Eurasian Economic Union," 2017.

6 This argument has been articulated on a number of occasions by Putin's adviser, Sergei Karaganov, e.g. "From the Pivot to the East to Greater Eurasia," *Opinion*, 24 April 2017, <https://www.rusemb.org.uk/opinion/50>.



Russia's interest in the external relations of the EAEU also has a protective dimension. Moscow's attempt to expand its Eurasian project in 2013, successfully to Armenia and unsuccessfully to Ukraine, represented a vivid assertion of primacy over the EU in the region. Since then, Russia has sought to influence EAEU members' relations with outside partners. This tendency became particularly pressing after Russia's annexation of Crimea and the hybrid war in Eastern Ukraine, which inspired sensitivities about sovereignty across the EAEU. Kazakhstan and Belarus formally supported Russia's actions, but did not agree to impose trade penalties and sanctions on Ukraine and the West. Moscow's decision to proceed unilaterally underscored the extent to which its geopolitical priorities outweigh economic commitments, regardless of the cost to its EAEU partners.<sup>9</sup> The result of this

unilateral action has been an overall effort among EAEU members to reduce dependence on Russia by developing bilateral relations with strategic partners like the EU and China. As countries seek to develop relations with other partners, the EAEU framework offers Russia an important mechanism to "gate-keep" the region by coordinating and constraining the external relations of individual EAEU members.

<sup>9</sup> For example, in January 2016, President Putin imposed restrictions on Ukrainian exports prohibiting the transit from Ukraine to Kazakhstan via Russia (later extended to Kyrgyzstan). The alternative longer route via Belarus resulted in higher transaction costs, leading to a 45.5% decrease of Ukrainian imports into Kazakhstan in the first half of 2016. "Putin extends ban on transit of goods from Ukraine to Kazakhstan and Kyrgyzstan," *UAWire*, 3 July 2018, <https://uawire.org/putin-extends-ban-of-transit-of-goods-from-ukraine-to-kazakhstan-and-kyrgyzstan>.

## THE EAEU'S INSTITUTIONAL FRAMEWORK

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Following the dissolution of the Soviet Union in 1991, there has been a stream of Russia-led initiatives to reintegrate the region. Compared to these projects, the EAEU has two novel features. First, it pursues advanced forms of economic integration by establishing a customs union and common market to harmonize economic policies and eliminate internal barriers. This agenda is an ambitious one and, in many ways, emulates the language and regulatory model of European integration.

Second, the EAEU seeks to achieve these objectives by creating a developed international organization with its own legal structure and system of bodies (Table 2). Arguably, the most important body is the permanent regulator of the EAEU, the Eurasian Economic Commission. Its upper tier, the College, is in charge of the Union's day-to-day affairs. The College is styled as a professional bureaucracy after the example of the European Commission. This means that in legal terms, member states have endowed the bodies of the EAEU with certain powers, such as the right to enter international agreements in its own name.<sup>10</sup>

This organizational structure allows the bloc to claim that it is an independent actor pursuing a common economic agenda, rather than the political tool of one member state.<sup>11</sup> The structure further implies that external

actors must deal with EAEU bodies rather than the national authorities of the bloc's member states. Yet, upon closer inspection, this narrative masks the marginal role of the Commission and the prominence of member states, particularly Russia, in the EAEU's external relations.

Despite the bloc's ambitious objectives and EU-inspired language, the scope of powers transferred to the Union is not extensive. There are a number of core areas, such as tariff and customs regulation, technical regulation, and the imposition of trade defence measures, where the Eurasian Economic Commission can realistically represent the Union. Delving into institutional details reveals a more complex picture. For example, the Common Customs Code—the basis of the EAEU's customs regulation—contains numerous references to national legislation and the powers of national customs authorities. More importantly, the Commission's actions are always reversible. The formal setup of the EAEU allows for any of its decisions to be contested by a disagreeing member state and revoked by the higher bodies of the Union, where rulings are made by consensus among the leaders of each member state (Table 2). Thus, the Commission's activities are embedded in a hierarchical structure that reproduces domestic chains of political power dominated by strong presidential administrations.

Furthermore, decision-making in many policy areas—for instance, cooperation in services, transport, and investment—is not unified within the EAEU, but rather subject to varied

<sup>10</sup> Article 7 of the Astana Treaty.

<sup>11</sup> E.g., “Moscow Refutes Claims about Eurasian Economic Union as Russian Political Project,” *Sputnik*, 22 August 2017, <https://sputniknews.com/politics/201708221056678328-russia-eurasian-union-kazakhstan>.

degrees of coordination.<sup>12</sup> In such areas, the Commission's job is to facilitate cooperation. Indeed, much of the integration agenda of the EAEU is future-oriented: it sets out a process for achieving certain integration objectives. Yet, few of these areas are covered by current commitments or concrete institutional arrangements, depending instead on the future consent and action of member states. Accordingly, these matters remain within the control of the member states and it is for them to negotiate with external powers.

More importantly, regardless of the formal division of powers between EAEU bodies and member states, the institutional process for negotiating international agreements places member states in full control.<sup>13</sup> Decisions to start negotiations are made by member states' presidents (at the Supreme Eurasian Economic Council), after which deputy prime ministers (at the Council of the Eurasian Economic Commission) issue a mandate. Thus, any strategic decisions regarding geographic scope or agreement type are made at the highest political level and subject to inter-state bargaining.

To negotiate any agreement, teams are formed from Commission members and representatives of member states. This is one notable difference between the EU and the EAEU. In the EU, the European Commission negotiates with third parties in accordance with its mandate. In the EAEU, the Commission does not appear on its own, but rather always together with the member states. Thus, the Commission is never an independent negotiator. It has a supporting role of the issue at hand.

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12 They are described in the Treaty as “coordinated” or “harmonised” policies, with little practical indication as to what this means in substantive terms.

13 A new treaty on the international agreements of the EAEU with third countries, international organizations, and integration groupings was signed on 14 May 2018.

According to its founding treaty, the EAEU operates on the basis of formal parity between its member states, meaning that all countries have equal representation and an equal number of votes in EAEU bodies. Nonetheless, Russia has succeeded in imposing its priorities and directing the bloc's external agenda. For instance, key initiatives such as the “linking” of the EAEU and China's Belt and Road Initiative are Russian strategies. The coordination was announced as part of high-level bilateral dialogue between Russia and China without prior consultation with EAEU members.<sup>14</sup> The bloc subsequently endorsed the initiative at the October 2015 EAEU summit in what was more an awkward acquiescence than a harmonious joint strategy.

While Russia notably dictates the EAEU's strategic direction, its prominence in the bloc also extends to the negotiating process itself. Its ability to do so is helped by the fact that other member states suffer from insufficient technical expertise in dealing with complex trade issues. As noted by a Moscow-based think tank, for instance, “Only two employees from Belarus have been involved in FTA talks at the operational level.”<sup>15</sup> Yet, Russia has also sought to lead negotiations in areas well within the powers of its EAEU partners, such as investment and services. Negotiations in these matters proceed under the general coordination of Russia rather than that of the Commission.<sup>16</sup>

Russia's stake in the strategic direction of the EAEU agenda does not necessarily mean that the interests of the other member states are

14 Joint Statement of the Russian Federation and Chinese People's Republic on the linking of the EAEU and the Economic Belt of the Silk Road, 8 May 2015, <http://www.kremlin.ru/supplement/4971>.

15 “Towards the Great Ocean-5: From the Turn to the East to Greater Eurasia,” Valdai Discussion Club Report, August 2017, p. 32, <http://valdaiclub.com/files/15300/>.

16 Evgeny Vinokurov, “The Eurasian Economic Union, Eurasian Development Bank,” 17 October 2017, <https://eabr.org/analytics/integration-research/cii-reports/evraziyskiy-ekonomicheskiy-soyuz/>.





EAEU Summit, May 2018. (Source: [eec.eaeunion.org](http://eec.eaeunion.org))

disregarded in negotiations. In addition to the formal requirement for consensus in EAEU matters, Russia has an interest in delivering on regional integration and maintaining an internal balance of interests. While Russia proved able to use force in Ukraine, its main mode of operation within the EAEU is not one of overt coercion. What determines the acquiescence of its EAEU partners is their interest in procuring certain benefits, such as cheap energy or enhanced security, in exchange for their loyalty.<sup>17</sup> The need to keep this internal balance of interests, however, limits the extent of liberalization in trade agreements concluded by the EAEU.

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<sup>17</sup> Dragneva and Wolczuk, "The Eurasian Economic Union," 2017.



# FREE TRADE AGREEMENTS WITH THIRD PARTIES

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While the EAEU has been keen to engage in numerous external contacts traversing four continents, most diplomatic engagements have been symbolic expressions of interest, embodied in non-binding, declarative memoranda of understanding and cooperation (Table 1). In terms of substantive free trade agreements (FTAs), the EAEU has completed agreements with Vietnam and Iran and has opened negotiations with Israel, India, Singapore, and Egypt. This section will examine the development and nature of these agreements, before dedicating separate attention to the developing relations of the EAEU with China and the EU.

## Vietnam

The EAEU concluded its first free trade agreement on May 29, 2015 with Vietnam. The agreement predates Russia's Greater Eurasia Strategy—although it continues Russia's trajectory of close relations with Vietnam following the collapse of the Soviet Union. By the late 2000s, Russia increasingly saw Vietnam—already a trusted political ally—as a strategic partner in the Asia Pacific, and the two countries worked to develop extensive bilateral military-technical and energy cooperation.<sup>18</sup> Indeed, the idea for an FTA between Vietnam and the Customs Union first emerged during a visit by Vietnam's Minister of

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18 Anton Tsvetov, "Staryi drug" [Old friend], *Lenta*, 3 April 2015, <http://lenta.ru/articles/2-15/04/04/viet>; and Nikolai Fedorov, "Soglashenie o zone svoboi torgovli mezhdu EAES and V'etnamom kak factor Rosiisko-V'etnam-skikh otnoshenii" [The FTA between EAEU and Vietnam as a factor in Russia-Vietnam Relations], *Sravnitel'naia Politika and Geopolitika*, vol. 9, no. 1 (2017), pp. 74-90.

Industry and Trade to Moscow in 2009. At the Asia-Pacific Economic Cooperation (APEC) summit in Vladivostok in September 2012, President Putin symbolically announced the results of the joint feasibility study for such an agreement. Formal negotiations opened in 2013 and progressed at a fast pace under pressure to prove the EAEU's international credentials.

In substantive terms, the agreement provided for the liberalization of 88% of trade in goods. In October 2016, when the agreement went into effect, 59% of tariffs were eliminated. Another 29% are to be liberalized within a 5-10 year transition period. The EAEU will open its market to Vietnamese exports with an average tariff reduction from 9.7% to 2% by 2025.

The deal ensures, however, that the transition occurs at minimal economic cost to domestic producers. First, the imports of goods deemed most sensitive for the EAEU market, such as milk, meat, and sugar, are exempted. Second, the EAEU reserves the asymmetric right to apply trigger safeguard measures to control the volume of other sensitive imports, such as rice, textiles, and wooden furniture.<sup>19</sup> Finally, the agreement does not remove the ability to apply quotas, trade protection measures, or non-tariff barriers, such as sanitary and phyto-sanitary measures.<sup>20</sup> Overall, the

19 Article 2.10 of the EEU-Vietnam FTA, available in English at [https://docs.eaeunion.org/docs/en-us/0147849/iate\\_02062015](https://docs.eaeunion.org/docs/en-us/0147849/iate_02062015).

20 Vietnamese rice, for example, is subject to 10 thousand ton quota, which is less than 5% of total imports from third countries, and applies to long-grain rice, which is not grown within the EAEU.

limited volume of trade between the EAEU and Vietnam (less than 1%) was itself seen as a guarantee for the low cost to EAEU markets. This approach reflects protectionist pressures within Russia,<sup>21</sup> but also secures the consensus of its EAEU partners by avoiding problem areas.<sup>22</sup>

The agreement promised some economic benefits to EAEU exporters, with the Commission hailing the potential for increased exports to Vietnam's market of 90 million people. These liberalization benefits, however, will mainly be felt by Russian producers. As Table 3 shows, Russia dominates trade between the EAEU and Vietnam. In 2015, for instance, Russian exports accounted for 93.7% of total EAEU exports. Yet, even for Russia, the fruits of tariff reduction are minimal given Vietnam's small share of total Russian exports.<sup>23</sup> Furthermore, as Table 3 demonstrates, the effects on trade between other EAEU members and Vietnam have been highly uneven. Kazakhstan is the only country where there has been a clear increase, yet trade volumes remain minimal in

relative terms.<sup>24</sup>

Unsurprisingly, the real economic benefits of the agreement lie outside its limited trade agenda and instead come from increased investment in the Asia-Pacific region. To this end, the FTA includes a chapter on trade in services, investment, and labor movement. This chapter, however, applies only to Russia, as other members are either uninterested or unable to pursue such a course at this time. The agreement further came with a separate bilateral protocol outlining investment and joint venture opportunities for Russian producers, specifically car and truck manufacturers UAZ, GAZ, and KAMAZ. Indeed, Russian vehicle manufacturers have been keen to develop their presence in Vietnam and gain access to ASEAN markets.

Yet even still, the expected benefits for Russia are primarily political: the agreement represents the economic dimension of an important geopolitical shift. Apart from launching the EAEU on the international scene, cooperation with Vietnam was seen as a gateway to partnership with ASEAN and a geopolitical bridge to the Trans-Pacific Partnership, of which Vietnam was a prospective signatory at the time.

### Iran

The agreement with Iran, signed on May 17, 2018, came about in a different geopolitical context from that of Vietnam. The imposition of Western sanctions and developments in the Syrian Civil War gave a new impetus for cooperation, including a boost for sectoral relations and bilateral deals to promote customs facilitation, transit, and currency

21 Russian food imports, for example, have been restricted since 2001, and food policy in general has become even more protectionist since 2014. S. Wegren, A. Nikulin, and I. Trotsuk, *Food Policy and Food Security: Putting food on the Russian Table*, Lexington Books, 2018.

22 A 2013 assessment of the prospective benefits of a free trade agreement with Vietnam deems them moderately beneficial for Kazakhstan and Russia, but defines the effects on Belarus as disadvantageous. Eurasian Economic Commission, *Annotatsia k rezul'tatam nauchno-issledovatel'skoi raboty na temu "Opredelenie perspektivnykh partnerov gosudarstv-chlenov Tamozhennogo Souiza po zakliucheniiu soglashenii o svobodnoi torgovle"* [Annotation to the research on determining prospective partners for signing FTAs for the members of the Customs Union], 18 December 2013, [http://www.eurasiancommission.org/ru/NIR/Lists/List/Attachments/35/18\\_12\\_2013\\_annot.pdf](http://www.eurasiancommission.org/ru/NIR/Lists/List/Attachments/35/18_12_2013_annot.pdf).

23 For example, Vietnam's share in Russia's total exports in 2016 was 0.48%. World Integrated Trade Solution, Database, <https://wits.worldbank.org>.

24 Furthermore, the 2013 assessment of the benefits of a free trade agreement with Vietnam already mentioned conditions the benefits for Kazakhstan and Russia on systemic factors, such as increase in consumer welfare.

transfers.<sup>25</sup> Furthermore, U.S. President Donald Trump's challenge to the 2015 Joint Comprehensive Plan of Action strengthened Iran's position as Russia's strategic ally in the Middle East.<sup>26</sup> Unsurprisingly, many saw the conclusion of the EAEU-Iran agreement just a week after the U.S. withdrawal from the nuclear deal as imbued with symbolism.

Compared to the EAEU's FTA with Vietnam, the Iran agreement is a very limited preferential trade agreement in terms of scope and liberalization commitments. It covers about 500 commodities, estimated as representing 50% of existing trade.<sup>27</sup> The EAEU liberalizes tariffs on mostly non-sensitive goods, whereas trade in some competing goods, such as tomatoes and cucumbers, is restricted to seasonal preferences.<sup>28</sup> On Iran's side, the limited liberalization commitments are consistent with its protectionist policies enshrined in domestic regulation, which prescribes that tariffs cannot be reduced

below 4%.<sup>29</sup>

As observed by EAEU Trade Minister Veronika Nikishina, the aim of the deal is to strengthen the position of existing exporters rather than break new grounds.<sup>30</sup> As Table 4 shows, the bulk of EAEU exports to Iran come from Russia, followed by Kazakhstan. In relative terms, however, Iran's share in the total trade of the EAEU, excluding Armenia, is well below 1%. Thus, the expected economic benefits should not be overestimated, especially given the existing administrative and infrastructural barriers to trade regarding payments, logistics, and transport.<sup>31</sup> Armenia's trade with its southern neighbour accounts for 5.77% of its total trade, so naturally, Yerevan has been particularly interested in the deal. Yet, as with other EAEU members, the key benefits Yerevan seeks relate not to trade, but to the development of transport routes and infrastructure.<sup>32</sup>

There is a strong argument that the EAEU-Iran agreement falls short of WTO requirements. For example, the agreement's limited scope does not satisfy the requirement that an FTA cover "substantially all trade." The official EAEU narrative has stated that this

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25 World Trade Centre Moscow, "Iran – ekonomika segodnia. Perspektivy rossiisko-iranskikh torgovo-ekonomicheskikh otnoshenii" [Iran – the economics of today. Perspectives of Russian-Iranian trade-economic relations], 31 August 2016, <https://wtcmoscow.ru/services/international-partnership/analitics/iran-ekonomika-segodnya-perspektivy-rossiysko-iranskikh-torgovo-ekonomicheskikh-otnosheniy>.

26 Robin Wright, "Russia and Iran Deepen Ties to Challenge Trump and the United States," *New Yorker*, 2 March 2018, <http://www.newyorker.com/news/news-desk/russia-and-iran-deepen-ties-to-challenge-trump-and-the-united-states>.

27 Eurasian Economic Commission, "Podpisano Vremennoe soglasenie, vedushchee k obrazovaniyu zony svobodnoi trgovli mezhdru EAES I Iranom" [A temporary agreement leading to the formation of a FTA between the EAEU and Iran is signed], 17 May 2018, <http://www.eurasiancommission.org/ru/nae/news/Pages/17-05-2018-1.aspx>.

28 "EAES I Iran podpisali Vremennoe soglasenie po sozdaniyu zony svobodnoi trgovli" [EAEU and Iran signed a Temporary agreement on the formation of a free trade zone], *Forbes*, 17 May 2018, [https://forbes.kz/process/eaes\\_i\\_iran\\_podpisali\\_vremennoe\\_soglasenie\\_po\\_sozdaniyu\\_zonyi\\_svobodnoy\\_torgovli/](https://forbes.kz/process/eaes_i_iran_podpisali_vremennoe_soglasenie_po_sozdaniyu_zonyi_svobodnoy_torgovli/).

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29 For this reason, most of Iran's commitments in the agreement are based on a tariff concessions formula.

30 "Nikishina: zona svobodnoi trgovli Irana I EAES – novyi shag k sotrudnichestvu" [Nikishina: the free trade zone between Iran and EAEU – new step towards cooperation], *Sputnik*, 17 May 2018, <https://sputnik.by/economy/20180517/1035467217/zona-svobodnoj-torgovli-irana-i-eaehs.html>.

31 Radmila Kurbangulova, "Vremennoe soglasenie ZST EAES – Iran: vyzovy I perspektivy dl'a evraziiskogo biznesa" [The Temporary FTA Agreement between EAEU and Iran: challenges and opportunities for Eurasian business], *Eurasian Studies*, 10 June 2018, <http://eurasian-studies.org/archives/8772>.

32 In particular, Yerevan has hoped to utilize and develop the potential of the Meghri free economic zone set up in December 2017. "Armenian bridge to EAEU for Iran: interview with Armenian deputy minister," *EurAsia Daily*, 7 May 2018, <https://eadaily.com/en/news/2018/05/07/armenian-bridge-to-eaeu-for-iran-interview-with-armenian-deputy-minister>.



Vladimir Putin and Prime Minister of Vietnam Nguyen Xuan Phuc during a bilateral meeting in Sochi on May 19, 2016.

agreement is pioneering. Since Iran lacks WTO membership, the agreement promotes predictable and clear rules in relation to transparency, non-discrimination, sanitary, and technical regulation, and it resolves disputes via binding arbitration.<sup>33</sup> The agreement as it stands will only last for a three-year period as a test case for developing further relations. The agreement will either be extended as is or followed by greater liberalization. Thus, from Russia's perspective, a deal with Iran is not only conducive to trade, but also offers a strategic advantage over competing powers. For external actors like the EU, however, this deal only confirms their view of Russia's poor record with WTO rules<sup>34</sup> and feeds skepticism about the EAEU's problematic institutional foundations.<sup>35</sup>

<sup>33</sup> "Nikishina," *Sputnik*, 17 May 2018.

<sup>34</sup> This record received a damning assessment recently by the US Trade Representative, *2017 Report on the Implementation and Enforcement of Russia's WTO Commitments*, December 2017, <https://ustr.gov/sites/default/files/files/Press/Reports/Russia%202017%20WTO%20Report.pdf>.

<sup>35</sup> Thanks to Michael Emerson, CEPS, for drawing my attention to this point.

### Prospective Agreements

Currently, there are several other FTAs in preparation: EAEU heads of state authorized negotiations with Israel in October 2015 and with Singapore, India, and Egypt in December 2016. While dealing with these partners aligns with Russia's vision of a Greater Eurasian Partnership, each country's importance to Russia varies as regional and global power dynamics shift.

Israel, for instance, has been key to Moscow's strategic plans in the Middle East, despite Russia's alliance with Iran. Russia seeks to engage major players in the region and position itself as an "indispensable middleman," thus improving bilateral relations with Tel Aviv.<sup>36</sup> Israel's rejection of Western sanctions also makes the state important for Russia's

<sup>36</sup> Joshua Krasna, "Moscow on the Mediterranean: Russia and Israel's Relationship," Foreign Policy Research Institute, June 2018, <https://www.fpri.org/article/2018/06/moscow-on-the-mediterranean-russia-and-israels-relationship/>. An agreement to launch negotiations between Russia and Israel had already been in place in 2013. "Israel's Trade with Russia booming," *Globes*, 1 October 2017, <https://en.globes.co.il/en/article-israels-trade-with-russia-booming-1001206709>.



political economy.<sup>37</sup> The EAEU's planned agreement with Singapore, on the other hand, offered the strategic benefit of engagement with a second ASEAN member and potential TPP signatory. Indeed, Putin described the agreement as a strategic priority and aimed for a speedy negotiation process.<sup>38</sup> It is yet to be seen if America's withdrawal from the TPP will affect Russia's sense of urgency.

In economic terms, the prospective FTAs will likely continue the trend of limited trade liberalization benefits. Table 5, which presents data on trade in goods between the EAEU, its member states, and third countries with whom FTA negotiations are under way, shows that no external partners account for a significant share of trade with the EAEU. The share of trade with Singapore is particularly small: 0.48% of total EAEU trade in 2016 and 0.53% of trade with Russia. Singapore also already applies low, and in some cases zero, tariffs on exports from the EAEU. India is the only partner with a trade share exceeding 1%, yet advances in liberalization will likely meet protectionist pressures. EAEU assessments show diverse effects of deepened engagement with India. Belarus, for instance, may suffer losses unless dairy and meat products are exempted from any trade deal concluded.<sup>39</sup> India also exhibits highly protectionist tendencies, applying a large number of anti-dumping and safeguard measures on EAEU markets.<sup>40</sup> The challenge will then extend beyond simply removing tariffs, but also to limiting the use of trade

protection measures and other non-tariff barriers.

Ultimately, the main economic advantages of these agreements concern areas outside the EAEU's scope of powers. Expected benefits from EAEU engagement with Singapore relate almost entirely to provisions on services and investment. The FTA with Israel is similarly expected to facilitate investment and technology transfer.<sup>41</sup> Agreements with India and Iran aim to boost cooperation on developing transport infrastructure, such as the International North South Transportation Corridor—an important precondition to realizing any advantages of an FTA. Negotiating these issues within an EAEU framework may provide some advantage for small member states, but ultimately the organization's predominance in non-trade discussions underlines the "gate-keeping" function of its external relations.

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37 Ibid., p.14.

38 "EAEU Prioritizes Free Trade Agreement with Singapore," *Russia Briefing*, 25 August 2017, <https://www.russia-briefing.com/news/eaeu-prioritizes-free-trade-agreement-singapore.html/>

39 Eurasian Economic Commission, 2013, Annotation.

40 Eurasian Economic Commission, *Report on the Restrictive Measures Applied to the Goods from EAEU member states in Third countries' Markets*, 2015, <http://www.eurasiancommission.org/ru/act/trade/dotp/SiteAssets/dostup/Report%20on%20trade%20restrictive%20measures%20in%20IH%202015.pdf>.

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41 Eurasian Economic Commission, Annotation, 2013.



## RELATIONS WITH CHINA AND THE BELT AND ROAD INITIATIVE

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Russia's relationship with China features a tense dichotomy: Moscow wants to both secure Beijing's partnership on global issues and simultaneously contain China's growing influence in Eurasia. While the Greater Eurasian Partnership strategy has not eliminated this tension, it has sought to steer a way forward with the EAEU at its center. The launch of China's Belt and Road Initiative in 2013 was greeted with suspicion in Moscow.<sup>42</sup> That President Xi Jinping announced the initiative in Kazakhstan's capital, Astana, only reinforced concern about China's intrusion in Russia's sphere of influence. Moscow's diplomatic crisis with the West, however, favored Russia's pivot to the East in search of partners. In May 2015, Presidents Putin and Xi announced the linking of the EAEU with the Belt and Road Initiative as well as plans to conclude a trade and economic cooperation agreement between the EAEU and China. This step was significant, first, in securing China's external recognition of the bloc, particularly as the EU proved reluctant to engage. According to the joint declaration following the summit, "China supports Russia's active efforts to advance the integration processes within the Eurasian Economic Union" and agreed to "coordinated efforts for the mutual synchronisation of the processes of constructing the EAEU

and the Economic Belt of the Silk Road."<sup>43</sup> The announcement also allowed Russia to channel its EAEU partners' relations with China into the framework of the bloc, thus securing a say in any such political and economic developments. In doing so, Moscow recognized China's strength as the economic center of Eurasia, but asserted that "the Eurasian centre can only be viable if China does not claim hegemonic status in the region."<sup>44</sup>

Beijing's commitment to an agreement with the EAEU represented a major concession.<sup>45</sup> China has previously displayed a strong preference for developing a free trade agreement within the format of the Shanghai Cooperation Organisation (SCO), the political and security alliance uniting China, Russia, four Central Asian countries, India, and Pakistan. Russia, however, cautious about China's dominant economic position within the organization, repeatedly refused to commit to such plans.

While rich in rhetoric, the high-level dialogue provided little guidance on the implementation of these plans. For China, this move may have

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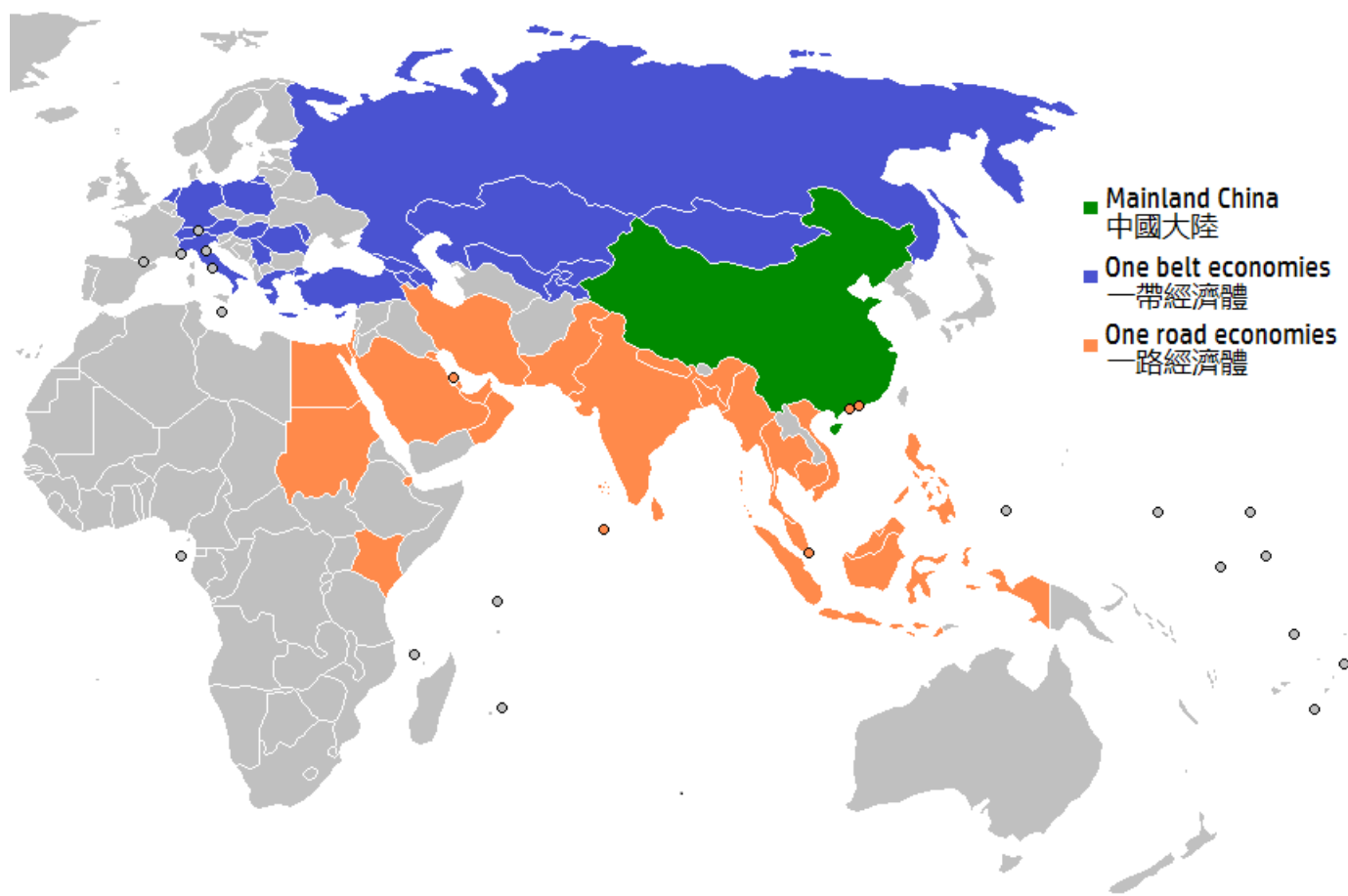
42 E.g. Alexander Gabuev, "Post-Soviet States Jostle for Role in One Belt One Road Initiative," Carnegie Moscow Centre, 6 August 2015, <https://carnegie.ru/2015/08/06/post-soviet-states-jostle-for-role-in-one-belt-one-road-initiative-pub-60997>.

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43 Joint Declaration of the Russian Federation and the Chinese People's Republic, 8 May 2015, <http://kremlin.ru/supplement/4971>.

44 Karaganov "From the Pivot to the East to Greater Eurasia," 2017.

45 For more, Jeanne L. Wilson, "The Eurasian Economic Union and China's Silk Road: implications for the Russian-Chinese relationship," *European Politics and Security* vol. 17, pp. 113-132.



been a sign of “benevolent inaction,”<sup>46</sup> but for Russia, implementation was a bureaucratic exercise. Over the summer of 2015, a working group under the Russian Ministry of Foreign Affairs began to hammer out details of a plan. They did not coordinate with the department handling the EAEU or the Commission itself.<sup>47</sup> This segregated process only exposed the underlying differences in the EAEU’s member state positions vis-à-vis China. Kazakhstan, for instance, pursued its own “linking” agenda to receive Chinese investment for projects

outlined in its 2014 *Nurly Zhol* state program.<sup>48</sup> At the October 2015 EAEU summit, Russia sought to contain cooperation with the Belt and Road Initiative to the EAEU framework, but ultimately failed to end further bilateral developments.<sup>49</sup> Eventually, the bloc’s members decided to compile a list of 40 joint priority infrastructure projects, forming the core of a planned roadmap for cooperation.<sup>50</sup>

46 Anton Tsvetov, “A Break-through year for Russia in South-East Asia,” *Straits Times*, 13 January 2018, <https://www.straitstimes.com/opinion/a-breakthrough-year-for-russia-in-south-east-asia>.

47 Mathieu Duchatel et al, “Eurasian Integration: Caught between China and Russia,” European Centre for Foreign Relations, 7 June 2016.

48 E.g., see, Anna Gussarova et al, “The Eurasian Economic Union and the Silk Road Economic Belt,” *Friedrich Ebert Stiftung*, July 2017, <http://library.fes.de/pdf-files/bueros/kasachstan/13620.pdf>.

49 Aiman Turebekova, “Integrating Kazakhstan’s Nurly Zhol, China’s Silk Road Economic Belt Will benefit All, Officials Say,” *Astana Times*, 1 December 2016, <https://astanatimes.com/2016/12/integrating-kazakhstans-nurly-zhol-chinas-silk-road-economic-belt-will-benefit-all-of-officials-say/>.

50 E.g., Interview with the Chairman of the Collegium of the Eurasian Economic Commission, T. Sarkisian, 13 June 2018, <http://www.eurasiancommission.org/ru/nae/news/Pages/13-06-2018-v1.aspx>.

The main achievement between the EAEU and China thus far is an agreement on economic and trade cooperation signed in May 2018. It was clear from the beginning that the agreement would not be an FTA as EAEU members have little desire to open their markets to Chinese goods. The agreement concluded rather provides a regulatory framework to facilitate cooperation in a range of issues, such as customs, technical barrier removal, sanitary measures, and intellectual property rights. While some rushed to describe the deal as a “game changer in Eurasian trade,” this characterization is exaggerated.<sup>51</sup> The deal is non-preferential and has a general nature; it provides for cooperation and transparency on the basis of the WTO framework. Accordingly, any results in removing barriers to trade and investment will depend on the commitment of the parties involved.

At the same time, one must evaluate the agreement in light of Russia’s developing relationship with China. Notably, Moscow took a page from its playbook with Vietnam, preparing a special Russia-China bilateral agreement on the Eurasian Economic Partnership. The two parties completed a joint feasibility study for the deal in June 2018, discussing a wide cooperation agenda that includes service trade, investment, e-commerce, intellectual property, competition, transparency, and “specific aspects of trade in goods remaining within the realm of member state competences.”<sup>52</sup> Speaking after the ceremony, President

Putin observed that while “it will take some time before the signing of the agreement itself,” this is a “first step towards organizing a serious regional economic union.”<sup>53</sup> Thus, while in formal terms such an agreement may be compatible with the EAEU accord, it underlines the EAEU’s symbolic value and instrumental role to Moscow, more generally.

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51 “Russia’s Eurasian Economic Union Free Trade Agreement with Beijing Brings Chinese Goods to the EU Border,” *Silk Road Briefing*, 21 May 2018, <https://www.silkroadbriefing.com/news/2018/05/21/russias-eurasian-economic-union-free-trade-agreement-beijing-brings-chinese-goods-eu-border/>.

52 Ministry of Economic Development of the Russian Federation, “Rossiia i Kitai zavershili sovmestnoe tekhniko-ekonomicheskoe obosnovanie Soglasheniia o Evraziiskom ekonomicheskome partnerstve” [Russia and China completed a joint feasibility study on the Agreement for Eurasian Economic Partnership], 8 June 2018, <http://economy.gov.ru/minec/about/structure/deptorg/201808062>.

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53 “We agreed on fostering greater economic partnership with China – Putin,” *Sputnik*, 10 June 2018, <https://sputniknews.com/world/201806101065279324-russia-china-putin-speech>.

# RELATIONS WITH THE EUROPEAN UNION

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Establishing direct, formal relations between the EU and the EAEU has been central to Russia's quest for international recognition of its Eurasian integration project. As of 2012, Russia pushed for a free trade zone from Lisbon to Vladivostok to be developed between the EU Commission and the Eurasian Economic Commission. The idea underwent a number of iterations following the Ukraine crisis and resulting sanctions war with the EU. Nonetheless, establishing inter-bloc relations remains high on Russia's agenda, and Moscow continues to blame Brussels for ignoring the EAEU.<sup>54</sup> Moscow sees the EU's insistence on the implementation of the Minsk peace agreements as a precondition for establishing relations as "hardly relevant or possible."<sup>55</sup> Given the formally independent, ostensibly economic nature of the EAEU, Moscow sees the lack of cooperation with the EU as an undue result of political animus.

Within the EU, the idea of an EU-EAEU deal has several strong proponents. Discussions at the highest political level considered a potential deal as a way of achieving peace in Ukraine. The initiative progressed in 2015 as the EU's External Actions Service explored possible cooperation formats. Commission President Jean-Claude Juncker and President

Putin exchanged letters. Yet, currently, the EU maintains only technical and issue-specific relations with officials at the EAEU Commission and individual member states' agencies. The prospects for upgrading relations or concluding a mega-deal in the near future remain dim.

It would make economic sense for the EU to conclude an FTA with the EAEU. Both parties would benefit from the shared technical standards already attained through the EAEU's use of European templates.<sup>56</sup> Yet, there are doubts as to whether trade liberalization is Russia's end goal. From the EAEU's establishment, Europeans saw the bloc as a quasi-customs union with questionable economic rationale—one that promotes "regional protectionism as opposed to open regionalism."<sup>57</sup> The collapse of trilateral talks about Ukraine's EU Association Agreement confirmed this view to many by exposing Russia's greater interest in geopolitics than in rules-based cooperation.<sup>58</sup> There are continued concerns about Russia's disrespect of WTO rules as it relies on import substitution and other protectionist policies

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54 See, e.g., Vladimir Chizhov, Statement at the 10<sup>th</sup> Eurasian Economic Forum, 23 October 2017, <https://russiaeu.ru/en/ambassador-vladimir-chizhov-s-statement-10th-eurasian-economic-forum>.

55 Georgi Gotev, "Juncker opens the door to EU-Eurasian Union rapprochement," *Euractiv*, 20 November 2015, <https://www.euractiv.com/section/economy-jobs/news/juncker-opens-the-door-to-eu-eurasian-union-rapprochement>.

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56 Michael Emerson, "Prospects for 'Lisbon to Vladivostok': Limited by a double asymmetry of interests," *CEPS Commentary*, 12 June 2018, <https://www.ceps.eu/publications/prospects-lisbon-vladivostok-limited-double-asymmetry-interests>.

57 E.g., Jose Maria Barroso, Speech, 21 March 2013, [http://europa.eu/rapid/press-release\\_SPEECH-13-249\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-13-249_en.htm).

58 Rilka Dragneva, Laure Delcour and Laurynas Jonavičius, "Assessing Legal and Political Compatibility between the EU Engagement Strategies and Membership of the EAEU," EU-STRAT Working Paper No. 07, November 2017.





European Union High Representative Federica Mogherini (L) and Kazakh FM Erlan Idrissov (R) May 2015. (Source: Astana Times)

in its standoff with the West.<sup>59</sup> Thus, even apart from the difficulties in resolving the Ukraine crisis, there are misgivings about the nature of the Eurasian bloc and the extent to which a non-preferential agreement with the EAEU may legitimize Russia's political ends.

Albeit for reasons separate from Russia's, Kazakhstan and Belarus have demonstrated a strong interest in developing inter-bloc relations with the EU.<sup>60</sup> However, statements in support of such a development have increasingly become a matter of rhetoric. Rather, relations with the EU are developing quickly along bilateral tracks, most notably by Kazakhstan and Armenia.

59 E.g., "WTO Review: EU calls on Russia to abandon Import substitution measures," Press Release, 28 September 2016, [https://eeas.europa.eu/topics/water-diplomacy/10713/wto-review--eu-calls-on-russia-to-abandon-import-substitution-measures\\_en](https://eeas.europa.eu/topics/water-diplomacy/10713/wto-review--eu-calls-on-russia-to-abandon-import-substitution-measures_en).

60 E.g., Malika Orazgaliyeva, "President Nazarbayev calls for further integration and international cooperation," *Astana Times*, 18 June 2016, <https://astanatimes.com/2016/06/president-nazarbayev-calls-for-further-integration-and-international-cooperation>.

In December 2015, Kazakhstan completed a non-preferential agreement with the EU aiming to strengthen political dialogue and promote mutual trade and investments. Armenia similarly signed a Comprehensive Economic Partnership Agreement (CEPA) with the EU in November 2017. CEPA is effectively a watered-down version of the Association Agreement that Armenia was negotiating with the EU prior to joining the Eurasian Economic Union. It excludes, for instance, the chapter about establishing a Deep and Comprehensive Free Trade Area and the associated obligations for adopting related EU legislation.<sup>61</sup> Both Kazakhstan and Armenia's agreements take into account their EAEU membership obligations and reassure Russia of their primary allegiance. Armenia's agreement, however, does contain extensive commitments related to services, investment, and sectoral regulatory approximation. These

61 R. Dragneva, L. Delcour, and L. Jonavicius, "Assessing Legal and Political Compatibility between the EU Engagement Strategies and Membership of the EAEU," EU-STRAT Working Paper No. 07, November 2017.



areas, as noted earlier, remain within the powers of EAEU member states yet open the door to potentially extensive cooperation with the EU in the future. Russia has so far proved tolerant of Armenia's agenda, feeling secure in its neighbor's continued loyalty to the EAEU and in its ability to exploit Armenia's security dependence to influence the preferences of local elites.<sup>62</sup>

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<sup>62</sup> Dragneva, Delcour and Jonavicius, "Assessing Legal and Political Compatibility between the EU Engagement Strategies and Membership of the EAEU," 2017.

## A TRULY RUSSIAN UNION?

In line with its global great power aspirations, Russia seeks to secure international recognition of the EAEU and prove its magnetism as a partner on the world stage. Despite the formal parity between EAEU member states, Russia has asserted its priorities, confident that it can secure its partners' loyalty. At a technical level, Moscow has accommodated its partners' interests, seeking to minimize the economic costs of external EAEU agreements and opting for limited liberalization. It has also promised some economic benefits, albeit limited and uncertain ones. Any real paybacks fall outside the realm of simple free trade agreements and into the realm of services, investment, and regulatory cooperation—exposing the internal limitations of the Eurasian project. Despite the rhetoric of achieving a common market, member states have been reluctant to commit to “deep” integration and endow the organization with commensurate delegated powers. Nonetheless, Russia has successfully used the EAEU umbrella to coordinate relations outside of its current formal remit and realize the advantage of regional “gate-keeping.” At the same time, Moscow has not hesitated to move forward unilaterally when the institutional format has constrained its interests.

While many external partners have their strategic reasons for cooperating with the EAEU, engaging with the bloc has already offered some important lessons. Dealing with the EAEU does not mean negotiating with an apolitical regulator, a perception



that masks Russia's dominance within the organization. Russia's dominance does not just relate to structural asymmetries within the EAEU market, but also to the reality of the organization's institutional setup and established pattern of its interactions with third parties. At the same time, external actors have already pointed to Russia's propensity to strike “unconnected bilateral deals exacerbated by a lack of follow through,” raising doubts about its long-term commitment “once other opportunities beckon.”<sup>63</sup> Ultimately, dealing with the EAEU may deliver neither the credible, rules-based liberalization nor the apolitical connectivity for which some partners have hoped. ●

63 Richard Wietz, “Putin's Perennial Pivot Problem,” *The Diplomat*, 5 January 2016, <https://thediplomat.com/2016/01/putins-perennial-pivot-problem/>.

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TABLE 1. STATE OF PLAY OF RELATIONS BETWEEN THE EAEU AND THIRD COUNTRIES

COUNTRY	STATE OF PLAY
Cambodia	Memorandum signed on 17 May 2016
Chili	Memorandum signed on 19 June 2015
China	Negotiations for a non-preferential trade and economic cooperation agreement authorized by Supreme Eurasian Economic Council on 8 May 2016; Agreement signed on 17 May 2018
Cuba	Memorandum signed on 31 May 2018
Ecuador	Memorandum signed on 24 November 2017
Egypt	Negotiations on FTA authorized by Supreme Eurasian Economic Council on 26 December 2016
Greece	Joint Declaration signed on 5 June 2017
Faroe Islands	Memorandum signed on 23 August 2018
India	Negotiations on FTA authorized by Supreme Eurasian Economic Council on 26 December 2016; 1st round planned for late 2018
Iran	Negotiations on FTA authorized by Supreme Eurasian Economic Council on 26 December 2016; Interim Agreement leading to FTA signed on 17 May 2018
Israel	Negotiations on FTA authorized on 16 October 2015; 1st round of negotiations April 2018, 2nd round planned for Autumn
Jordan	Memorandum signed on 21 June 2017
Moldova	Memorandum signed on 3 April 2017
Mongolia	Memorandum signed on 16 June 2016
Morocco	Memorandum signed on 28 September 2017
Peru	Memorandum signed on 6 October 2015
Serbia	Negotiations on FTA authorized by Supreme Eurasian Economic Council on 31 May 2016
Singapore	Negotiations on FTA authorized by Supreme Eurasian Economic Council on 26 December 2016
South Korea	Memorandum signed on 27 November 2015
Vietnam	Negotiations on FTA authorized by Supreme Eurasian Economic Council on 19 December 2012; Free Trade Agreement signed on 29 May 2015; Entered into force on 5 October 2016

TABLE 2. STATE OF PLAY OF RELATIONS BETWEEN THE EAEU AND THIRD COUNTRIES

Body	Level of Member states' representation	Mode of decision-making
Supreme Eurasian Economic Council	Heads of state	Consensus
Intergovernmental Council	Heads of government	Consensus
Eurasian Economic Commission Council	Deputy heads of government	Consensus
Eurasian Economic Commission Collegium	Professional nominees (2 per country)	Qualified majority or Consensus

TABLE 3. TRADE IN GOODS BETWEEN VIETNAM AND THE EAEU (USD MLN)

	2015			2016			2017		
	Export	Import	Turnover	Export	Import	Turnover	Export	Import	Turnover
<b>EAEU</b>	1,966.0	2,305.8	4,271.8	1,626.7	2,724.6	4,341.3	2,254.6	3,669.7	5,924.2
<b>Russia</b>	1,842.5	2,053.8	3,896.2	1,372.3	2,466.1	3,838.4	1,903.2	3,324.1	5,227.3
<b>Kazakhstan</b>	10.4	195.5	205.9	167.5	198.8	366.3	274.2	268.5	542.7
<b>Belarus</b>	111.4	38.3	149.8	76.7	44.2	120.9	76.3	58.9	135.3
<b>Armenia</b>	0.1	4.0	14.6	0.0	12.4	12.5	0.2	15.0	15.2
<b>Kyrgyzstan</b>	1.6	3.6	5.2	0.2	3.1	3.3	0.6	3.0	3.7

Source: Compiled from [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_stat/trades-tat/tables/extra/Pages/default.aspx](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/trades-tat/tables/extra/Pages/default.aspx)

TABLE 4. TRADE IN GOODS BETWEEN IRAN AND EAEU (USD MLN, 2017)

	Export	Import	Turnover	Share in total trade
<b>EAEU</b>	1,968.5	730.4	2,698.9	0.43
<b>Russia</b>	1,314.8	392.1	1,706.9	0.32
<b>Armenia</b>	84.1	179.3	263.5	5.77
<b>Belarus</b>	72.4	818.8	154.2	0.51
<b>Kazakhstan</b>	484.5	68.0	552.6	0.92
<b>Kyrgyzstan</b>	12.7	9.0	21.8	0.56

Source: Compiled from [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_stat/tradestat/tables/extra/Pages/default.aspx](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/tradestat/tables/extra/Pages/default.aspx)

TABLE 5. VOLUME OF TRADE IN GOODS BETWEEN EAEU AND PARTNERS WITH WHOM A FTA IS UNDER NEGOTIATION (USD MLN, 2016)

2016	Singapore		India		Israel		Egypt	
	USD mln	%	USD mln	%	USD mln	%	USD mln	%
<b>EAEU</b>	2,433.3	0.48	8,821.8	1.73	2,593.3	0.51	4,283.0	0.84
<b>Russia</b>	2,293.6	0.53	7,708.9	1.79	2,186.3	0.51	4,158.5	0.97
<b>Armenia</b>	2.8	0.08	72.3	2.03	9.1	0.26	8.1	0.23
<b>Belarus</b>	36.8	0.15	406.6	1.67	93.7	0.38	57.9	0.24
<b>Kazakhstan</b>	91.4	0.19	609.0	1.26	301.7	0.62	55.3	0.11
<b>Kyrgyzstan</b>	8.8	0.25	25.0	0.71	2.4	0.07	3.2	0.09

Source: Compiled from [http://www.eurasiancommission.org/ru/act/integr\\_i\\_makroec/dep\\_stat/tradestat/tables/extra/Pages/default.aspx](http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/tradestat/tables/extra/Pages/default.aspx)







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