

Beat: Miscellaneous

## **Serious conceptual decisions adopted - signing Eurasian Economic Union -PART III**

**To make theoretical concepts a reality**

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**USPA NEWS** - Astana (Kazakhstan), May 31, 2016.

Last part (PART III) of the Beginning of the Supreme Eurasian Economic Council meeting in expanded format.

President of Belarus Alexander Lukashenko :

Friends,...

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President of Belarus Alexander Lukashenko :

Friends,

I would also like to thank Mr Nazarbayev and the hosts for their hospitality and excellent preparations for this event.

Two years ago we signed the Treaty on the Eurasian Economic Union. Since then, serious conceptual decisions have been adopted, laying the groundwork for liberalising transport services, creating a single energy market and an export policy. Unfortunately, not everything has been going as initially planned. There are still problems, and we raised the most urgent ones during today's meeting.

Basically, we need to make theoretical concepts a reality. First, we need to get rid of trade exemptions and restrictions within the EAEU. Regardless of the format of our association, be it the Customs Union, or the Common Economic Space that followed, or the Eurasian Economic Union that replaced it, the number of exemptions and restrictions has remained the same at about 600. EAEU member states are still unable to benefit from equal economic conditions or a barrier-free environment. Moreover, after the signing of the Treaty, trade within the union has been declining. In 2012-2013 trade was about \$65 billion, and in 2015 it was equal to just \$45 billion.

It seems that not all provisions of the Treaty are consistent with the current economic situation or our expectations.

Second, we have yet to devise a mechanism that would make the EAEU operational when one of its member states introduces unilateral protective measures against a third country.

Third. Last September, the Eurasian Intergovernmental Council adopted the basic guidelines for industrial cooperation. We agreed on the parameters of the coordinated measures to support domestic producers and set the objectives for cooperation in the development of industrial exports. Now we need to actively proceed toward practical efforts to attain the goals we have set.

Fourth. We have made the first steps towards integration in the energy sector, developed and approved the concept of building a common energy market. Today we have looked at similar plans for natural gas, oil and oil products. Yet, it often takes long to move from concepts to implementation, and we have no one but ourselves to blame for that. Therefore, our commission needs to enhance the work and take comprehensive measures to implement these projects.

In addition, there is the long-debated issue of creating a common market for medicines and healthcare products. But it never

developed into anything more than talk.

Today's agenda includes many issues related to defining our Union's place in the global economic system. So everything that I mentioned before, we will need all of that to confidently engage in dialogue with external partners. To do this, we need to create a well-developed market of our own. We need to be strong and strengthen our Union in every possible way, so that it would be easier to conduct a dialogue with the European Union, with China and others. We will be strong when we are speaking with one voice. This is not yet the case. But without this, the Eurasian Economic Union will not be able to effectively implement its internal or external policies.

Thank you.

Nursultan Nazarbayev: Thank you for your remarks, Mr Lukashenko. The commission should take them into account in its work.

I will now give the floor to President of Kyrgyzstan Almazbek Atambayev.

President of Kyrgyzstan Almazbek Atambayev :

Heads of state, my fellow attendees,

I would like to begin by thanking Mr Nazarbayev, who is our host today, and our Kazakh partners in general for doing such a wonderful job organising this meeting, for their hospitality and warmth and for the business-like yet friendly and fraternal atmosphere they have created at this meeting.

A year ago, Kyrgyzstan supported the idea of Eurasian integration and signed the accession agreement. Despite the positive aspects of integration, such as the lifting of customs control on the border with Kazakhstan and better conditions for our labour migrants in Russia and other EAEU countries, I would like to say that I fully agree with Mr Lukashenko regarding the numerous barriers between our countries. I have expressed my views on the following issues at the narrow format meeting: unified railway rates, limits on Kyrgyz potato exports to Kazakhstan, the lifting of veterinary control on the Kazakh-Kyrgyz border, transit of cargo to Kyrgyzstan via Russia and several other issues.

I am grateful to President of Kazakhstan Nursultan Nazarbayev and President of Russia Vladimir Putin for their understanding on these issues and a promise to address them as soon as possible.

While supporting the format of our cooperation, I would like to say that we should refrain from taking steps that can prevent us from achieving our basic integration goals and should instead direct our energies primarily toward lifting the barriers that can discredit the very idea of our union.

The Eurasian Economic Union Treaty was signed on May 29, 2014, but in reality the union has been operating less than two years. It is still a very young organisation, but we can see that it has huge potential. We have had our share of achievements and setbacks, and there have been artificial problems. But this is probably what you should expect from a young body that was just born, so to speak. But all of us, including the heads of state and our people, must know clearly that our nations have no other option and that we are responsible for the future of the Eurasian Economic Union and our countries. What we need is hard work, patience, wisdom and cooperation between our people and our leaders, and all our ministries and departments.

Thank you for your attention. I believe that the Eurasian Economic Union has a future.

Nursultan Nazarbayev : Thank you, Mr Atambayev.

I give the floor to President of Russia Vladimir Putin.

President of Russia Vladimir Putin :

Colleagues,

Over the 18 months since the Eurasian Economic Union (EAEU) was launched we have done a great deal to promote this major integration project. Most importantly, we have every reason to say that the union is succeeding as a modern international organisation

committed to addressing the specific economic development issues our countries are facing.

After Armenia and Kyrgyzstan joined the EAEU, the Eurasian five formed a large common market with a total population of over 182 million people. As the Union's supra-national body, the Eurasian Economic Commission (EEC) ensures continuity in the management of integration processes. The EEC appointed a new board, effective February 1, that got down to work with little delay. The organisation of the Commission has also been honed to better suit its current purpose. A solid contractual legal framework is in place and continues to expand under the plans we agreed on. Over 60 agreements have been executed in the follow-up to the Treaty on the Eurasian Economic Union.

We need to continue this momentum in a number of areas, primarily, in the drafting of the Customs Code and the agreement on the procedure for executing international agreements by the union. This goes to say that further integration efforts will be contingent upon the timely adoption of the statutory documents that are needed for further development.

A lot has been achieved in terms of reducing mutual barriers to the free movement of goods, labour, services and capital. I can't but agree with our colleagues who say that there are still too many barriers.

Let me just remind you that of the 422 trade restrictions that were identified during the drafting of the Treaty on the Union, over 80 have already been removed, another 30 are about to be removed, and 16 are expected to disappear in 2016.

It is extremely important to continue to unify non-tariff regulation, create the mechanism for tracking the movement of goods from the moment they enter the Union territory until they are offered to the consumers, and streamline cooperation in the sanitary and epidemiological control area.

It is necessary to further place the priority on coordinating policy in the key economic areas, as well as to harmonise legislation related to natural monopolies.

The Union member states' participation in the import replacement programme, which is currently underway in Russia, is promising. We call on all our partners to jointly produce equipment and component parts for over 25 industries, including mechanical engineering, electronics and consumer industry, and agriculture.

By 2019 we should build a unified electricity market, approve its concept and draft the respective programme. According to expert assessments, the implementation of this project will provide the Union member states with an extra GDP increase in the amount of \$7 billion.

Today, we will make one more step towards a unified hydrocarbons market by 2025, the creation of which was intensely debated in the past, and approve the necessary documents that envisage equal terms for competition in the entire Union territory. This will produce a cumulative effect of over \$1 billion in the gas industry and over \$8 billion in the oil industry.

This year, we will form a unified market in the socially important area of medicines and healthcare products. The coordination of agreements on the terms and principles for circulation of these goods is nearing completion.

Our cooperation in the innovation sector has been advancing. The creation of the Eurasian Machine Tool Engineering Centre and the joint development of Eurasian technological platforms are underway.

An integral part of the integration process is the liberalisation of trade in services. This year we need to adopt roadmaps for the harmonisation of legislation regulating construction and design, scientific research and tourism.

Uniform rules already cover 43 service sectors, or more than 50 percent of the total services produced in the EAEU.

The idea of creating a unified information space is very promising. It would be good to ask the Commission to prepare ideas in this regard.

The effective functioning of the integration association will be supported by systematic work on relationship building with external partners. We support Kazakhstan's proposal as the presiding country to focus on the further deepening of EAEU economic relations with other countries and integration associations, primarily with the states of the Shanghai Cooperation Organisation and ASEAN.

We have actually made significant progress in this respect, including the creation of a free trade zone with Vietnam; a list of specific projects as part of linking the Eurasian Economic Union and China's Silk Road Economic Belt project is in the works.

The Eurasian Commission has signed memoranda of understanding with the governments of Mongolia, Peru and Chile. Plans also call for drafting trade agreements with Serbia. Cooperation agreements with South Korea, Ecuador and MERCOSUR are under preparation. Other countries showing a keen interest in establishing closer ties with the EAEU include Iran, India, Egypt, and Israel.

We also welcome Kazakhstan's initiative to hold an international conference on the establishment of cooperation between the EAEU and the EU. We need the Eurasian Economic Commission's active involvement in advancing discussions on this matter.

Also, I would like to point out the great practical support that has been provided by the Eurasian Business Council over the last year since its establishment. I think this trend is also extremely important. Viktor Khristenko, who recently took over as the council head, has solid experience in our integration projects.

inally, I would like to take this opportunity to invite everyone here, as we agreed in today's narrow format to hold our next meeting in Moscow in December.

Thank you.

Nursultan Nazarbayev :

Mr Putin, thank you for your detailed remarks on integration issues.

Source : The Kremlin - PART III and Final Part

Part I = Beginning of the Supreme Eurasian Economic Council meeting in expanded format

Part II = PART II, Second anniversary of the signing of the Eurasian Economic Union Treaty

Ruby BIRD

<http://www.portfolio.uspa24.com/>

Yasmina BEDDOU

<http://www.yasmina-beddou.uspa24.com/>

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**Editorial program service of General News Agency:**

United Press Association, Inc.

3651 Lindell Road, Suite D168

Las Vegas, NV 89103, USA

(702) 943.0321 Local

(702) 943.0233 Facsimile

[info@unitedpressassociation.org](mailto:info@unitedpressassociation.org)

[info@gna24.com](mailto:info@gna24.com)

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