

Eurasian Economic Union: Steady Progress Towards Eurasian Integration

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Eurasian integration and developing relations with Asian countries are important items on Russia's present-day political agenda. One of the platforms for moving forward on these issues is the Eurasian Economic Union (EAEU or EEU), which includes Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan. With the aid of this organization, the Russian Federation is improving its cooperation with numerous Asian countries, which could become Russia's invaluable economic partners in the future.

The EEU (and therefore Russia) has successfully collaborated with the Association of Southeast Asian Nations (ASEAN). The creation of a free trade zone (FTZ) between the EEU and the most influential and successful ASEAN member, Vietnam, is one of the most impressive achievements stemming from this cooperation, with the relevant agreement in effect since 2016

Thailand as well as Indonesia have also expressed their interest in creating a FTZ with the EEU. However, negotiations with these countries will take time, while in the near future the EEU could sign an agreement of this nature with the renowned Asian Tiger, the Republic of Singapore.

The discussion to this effect has spanned a number of years. In May 2016, the Singapore Government and the Eurasian Economic Commission (EEC, the EEU's regulatory body) signed a Memorandum of Understanding which sets forth the partners' intention to collaborate on the issues of economic integration and elimination of trade barriers. In October 2016, the EEU and Singapore signed a declaration on creating a work group, whose aim is to research the feasibility of the FTZ agreement. Official negotiations on establishing the free trade zone began in summer 2017. By the end of May 2018, three rounds of negotiations have already taken place but many issues are yet to be discussed, and it is senseless to rush such work. Both the EEU and Singapore expect to conclude the agreement on mutually advantageous terms. It is estimated that the outcome of these negotiations will become known closer to autumn 2018.

Still, the mere existence of these negotiations and the research group has already aided the development of the economic relations between the EEU and Singapore. Hence, in 2017 the trade turnover between Singapore and the EEU countries exceeded \$4.6 million, which is almost 90% higher than that in 2016.

The joint work group's second session, dedicated to cooperation between the EEU and the Singapore Government, was held in May 2018. The main topics for discussion were trade development, economic cooperation, the digital economy and the possibility of creating the

FTZ. The EEU representatives asserted their wish to achieve greater cooperation with Singapore as well as the other members of ASEAN. In turn, Singapore signaled their readiness to aid the dialogue between the EEU and ASEAN.

At the end of May 2018, Sergey Lavrov, the Foreign Minister of Russia, shared his views on the possibility of creating an EEU-Singapore FTZ with the media. In his opinion, this FTZ could become an important stimulus for mutual trade, reciprocal capital investment and a technology exchange between the participating member states, which would, in turn, lead to a creation of a brand new environment conducive to investment and trade.

According to the EEC representatives, the next round of negotiations on establishing the FTZ between the EEU and Singapore will take place in June 2018.

Aside from the ASEAN block, the EEU is actively collaborating with other Asian countries. In May 2018, the EEU member states signed an interim agreement on establishing a FTZ with the Islamic Republic of Iran in Astana, the capital of Kazakhstan. The parties eliminated or lowered various custom duties on a range of goods, agreed on a dispute resolution process, and decided to establish a joint committee comprised of high-ranking representatives from participating countries. The duration of this agreement is 3 years, and it has been reported that it is the first step in creating a permanent FTZ. Nevertheless, a permanent arrangement requires long-term and rigorous negotiations, which will take place while the interim FZT is in place.

Iran's decision to sign this interim agreement could have been a direct consequence of the predicament it has found itself in because of the US intention to withdraw from the Iran nuclear agreement and impose new sanctions. A speedy creation of the FTZ with the EEU, even if temporary in nature, could substantially aid Iran's economy threatened by US actions. At this time the trade turnover between Iran and the EEU countries is already approximately \$2.7 billion, and this figure is bound to increase substantially in the next few months as a result of the interim FTZ.

China is yet another important EEU partner in Asia. PRC also has serious intentions as far as the Eurasian economic integration is concerned. 2018 marked a 5-year anniversary of the Chinese Silk Road Economic Belt (the Belt) initiative, intended to unite key Eurasian transport routes and establish a common economic zone. The Chinese initiative nicely complements the EEU projects. In May 2015, the Chinese President Xi Jinping and the Russian President Vladimir Putin signed an association agreement involving the Belt with the EEU.

In the summer of 2016, long-term negotiations on trade and economic cooperation began between China and the EEU. In October 2017, PRC's Commerce Minister Zhong Shan and Veronika Nikishina, the EEC Minister in charge of trade, signed a bilateral agreement on concluding these negotiations. It has been reported that the agreement in question is of paramount importance both for China and the EEU member countries, and it will aid in eliminating trade barriers, increasing state support for trade initiatives and creating favorable conditions for industrial growth.

At the moment, the EEU leaders are preparing for the negotiations on creating a FTZ with a number of countries, including important players on the global market such as Israel and India. It is worth noting that EEU's achievements over its 3-year life span are significant. All the aforementioned events may substantially strengthen trade and economic development

on the entire Eurasian continent and lead to the creation of a firm foundation for Eurasian economic integration. The stabilizing role of all these processes is certainly noteworthy. For instance, the inclusion of long-term rivals such as China and India in the common economic zone could have a positive effect on the calm in the entire Asia-Pacific region.

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