CONTENTS

4  Establishing the EAEU Common Financial Market
9  Monetary policy
12 Distribution of Import Customs Duties Between Budgets of the EAEU Member States
17 Payment and Transfer of Export Customs Duties
18 Establishing the EAEU Single Services Markets
21 Combating Laundering of Proceeds of Crime and Terrorism Financing
24 Tax Policy
30 Implementing traceability mechanisms for goods imported into the EAEU customs territory
31 Elaboration of anti-crisis and stabilization measures to ensure economic stability of the EAEU Member States amid COVID-19 pandemic
Integration of financial markets is essential for members of the Eurasian Economic Union (the EAEU, the Union) to create the common economic space. It is aimed at strengthening the stability and reliability of the Union countries’ financial systems, as well as at improving their transparency and efficiency.

The Eurasian Economic Commission (hereinafter, the Commission) together with the Member States’ governments is working on development of a regulatory framework to create, in the EAEU, the common financial market.

In 2016, the Agreement on the Exchange of Information (including sensitive information) in the financial sector to create conditions in financial markets ensuring free movement of capital entered into force, defining the procedure for the use and exchange of information between financial regulators. Its implementation will not only allow for better protection of the rights of financial market participants, investors and issuers, but also provide for transparency and financial stability of organizations in the market.

In October 2019, the Heads of the EAEU Member States approved the Concept for the Formation of the EAEU Common Financial Market. The Concept defines main goals, principles, stages and areas for the creation of the common financial market in the Union. The key pillars of forming the common financial market are as follows:

- coordinated development of measures to control and monitor activities of the financial market participants;
- harmonized financial legislation of the Union’s Member States;
- access of financial market participants from the Union Member States to each other’s markets;
- development of market infrastructure along with the common exchange and payment space;
- improvement and introduction of advanced financial technologies;
- protection of the rights and interests of investors and consumers of financial services.

The Concept implementation will enable elimination of the existing barriers to the free movement of capital and financial services within the EAEU and ensure better accessibility and diversification of investment, banking and insurance products for individuals and business entities.

The national (central) banks of the EAEU Member States developed a work schedule aimed at putting into action the Concept for the Formation of the EAEU Common Financial Market.

The common financial market in the EAEU will be shaped in two stages. First of all, the Union’s countries must harmonize their financial legislation, adopt approaches to administrative cooperation between the financial market regulators, and as a result ensure that the Union countries’ financial service providers have access to each other’s markets before 2025. The Member States will also agree on approaches to mutual recognition of licenses for incorporating a legal entity in the banking and insurance sectors and to the transboundary supply of financial services in the securities market.

The second stage, that will take place after 2025, work on harmonization of the financial legislations will continue and approaches to the provision of financial services without the need to incorporate an additional institution (licensing) as a legal entity will be agreed upon.

The Agreement on Harmonizing the Financial Market Legislation of the EAEU Member States has been drawn up to ensure mutual recognition of licenses for activities in the financial service sectors and non-discriminatory access to financial markets of the EAEU countries. The Agreement defines areas and procedures for harmonizing legislation in the banking, insurance and services sectors in the securities market, as well as supervisory requirements and approaches to risk management in the financial market.

In March 2020, the Agreement on Harmonizing the Legislation came into force. For the purposes of the Agreement, the EAEU countries’ authorized authorities jointly with the Commission put forward an action plan to harmonize legislation of the EAEU Member States in the area of financial market, indicating the stages and timing approved by the EEC Council in November 2020.

The harmonization plan is focused on the alignment of standards and requirements stipulated by the national financial legislations and ensuring an efficient functioning of the EAEU common financial market.
The harmonization of requirements for regulation of the financial market will be grounded on the international principles of the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the International Organization of Securities Commissions, and the Organization for Economic Cooperation and Development, as well as taking into account international best practices.

Establishment of the Common Exchange Space of the Eurasian Economic Union is one of the key areas in formation of the common financial market.

The EAEU Common Exchange Space will represent an interconnected system for trading of securities and financial instruments in stock exchanges in the Union countries’ organized markets using approved procedures and technologies.

In cooperation with the financial regulators, the Eurasian Economic Commission prepared a draft road map on the formation of the EAEU Common Exchange Space that envisages the development and implementation of logically interrelated elements necessary for an efficient functioning of exchange trading in securities and financial instruments, including:

1) mutual access of brokers and dealers to organized trades on stock exchanges of the Member States;
2) mutual recognition and admission of securities and financial instruments;
3) building the common system for disclosure in the stock exchange market;
4) electronic communication through standard formats and information transmission channels;
5) an integrated depository cluster and clearing system.

Integration of the Union countries’ stock exchange markets will be based on the international principles for the organization of infrastructure institutions’ activities and international clearing and settlement standards, including transboundary transactions with securities and financial instruments.

The action plan (road map) in formation of the Common Exchange Space in the Eurasian Economic Union was approved by the EEC Board in November 2020. Creating the EAEU Common Exchange Space will enable the free movement of capital, goods and services. This will also drive mutual investments and investment appeal of the Union’s financial markets.

The Draft Agreement on the Admission of Brokers and Dealers of one EAEU Member State to Participate in Organized Trading on Stock Exchanges (Trade Organizers) of other Member States has been elaborated with a view to intensify the Common Exchange Space formation.

This Agreement is primarily aimed at allowing brokers and dealers of one EAEU Member State to take part in organized trading on stock exchanges of another Member State, along with enhancing the mutual trade and investment cooperation.

The Agreement grants the right to national stock exchanges to recognize the licenses of brokers and dealers issued by the EAEU Member States’ authorized authorities and to provide them with the possibility of participating in tenders for the conclusion of purchase and sale contracts in respect of either securities or derivative financial instruments.

In September 2020, the EEC Board approved the Draft Agreement on the Admission of Brokers and Dealers and forwarded it to the EAEU Member States for consideration. The Agreement implementation will create the prerequisites for the introduction of additional liquidity on the stock exchange, greater investment opportunities, reduced risks and increased financing of issuers.

The Draft Agreement on Mutual Admission to the Placement and Circulation of Securities at Organized Trading in the EAEU Member States has been elaborated for the purpose of harmonizing procedures for mutual recognition of security issues and their admission to stock exchanges.

The Agreement is aimed at ensuring mutual admission of securities from a list classified by the stock exchange as top-tier quotation list to listing and organized trading in other Member States, as well as freedom of issuance and trade transactions with securities in the common exchange space.

Mutual admission of securities will be possible if the following conditions are fulfilled: securities issues are (a) registered in the Union Member State pursuant to the procedure prescribed by legislation; and (b) included in the top-tier quotation list on the stock exchange.
Banks play a pivotal role in the EAEU countries’ financial markets. The banking systems of our countries feature:

1) a strong dominance of the banking sector by the volume of assets compared to non-banking institutions;
2) a high level of concentration of bank assets (the top 5 banks account for over 50% of assets across all countries);
3) a low level of bank loans in the economy.

Russia takes the leading position in terms of the number and size of its banks. To date, the degree of interpenetration (integration) in the banking sector is low. The alignment of law and integration of the banking market is a tough and multifaceted task due to the current environment.

To achieve this goal, the Commission—in cooperation with financial regulators—sets harmonized requirements for regulation and supervision, as well as for mutual recognition of licenses in the banking sector. International best practices and the fundamental principles of efficient banking supervision of the Basel Committee on Banking Supervision are taken as the basis in line with the provisions of the Treaty on the EAEU.

Practical work on legislative harmonization in the banking sector is carried out by the Working Group on harmonization in the field of finance, which comprises the Commission employees and representatives of national (central) banks of the EAEU Member States.

There is also an Expert Group on harmonizing legislation in the sphere of insurance (guarantee) of bank deposits, liquidation, financial recovery and bankruptcy of credit institutions within the EAEU territory. The Group was set up by the Advisory Committee on Financial Markets and included representatives of national companies whose activities are related to deposit insurance.

A comparative legal analysis of the Member States’ legislation regulating the banking sector is performed as part of the preparation of the Plan for Harmonization of the EAEU Member States’ Legislation in the Financial Sector. Proposals for the alignment of the Member States’ legislation (basic definitions, concepts and terms in the banking sector) are in process of formulation.

The Commission has established working relationships with the International Association of Deposit Insurers. In June 2020, the Commission became a partner of the Association that grants EEC the right to participate in the Association’s events, exchange information and explore global practices to improve the efficiency of deposit insurance mechanisms in the EAEU countries.

Cooperation with professional associations continues:
the International Coordinating Council of Banking Associations of the CIS countries, the Financial and Banking Council of the CIS and the Financial & Banking Association of Euro-Asian Cooperation.
Partnerships have been developed with the Association of Credit Bureaus of the EAEU Member States.

MONETARY POLICY

With a view to deepen the integration, ensure the free movement of goods, services and capital within the Union, enhance the role of the Member States’ national currencies in foreign trade transactions, and provide mutual convertibility of national currencies, the Member States develop and conduct an agreed monetary policy.

Alignment of the Member States’ Currency Legislation

The Treaty on the EAEU provides for measures that would align the Member States’ legislation regulating currency relations.

The Commission, together with the Member States’ financial regulators, has prepared a Draft Agreement on Coordinated Approaches to the Regulation of the Currency Relations and Liberalization Measures, which addresses gradual liberalization of currency legislation.

This is one of the fundamental documents in the field of monetary policy, aimed at ensuring free movement of capital, goods and services in the Eurasian common space. The Agreement will contribute positively to the development of mutual trade relations between our countries, as well as greatly simplify the procedures for processing and conducting transboundary transactions and have a stimulating effect on the growth of mutual investments.
The Draft Agreement defines currency transactions on which restrictions will not apply. This applies primarily to the settlement between residents of the Union States, as well as to transactions on accounts and deposits.

The restrictions will not apply to settlements related to trade in goods and services; purchase of shares in a company’s authorized capital; purchase of securities and real estate; obtaining or repaying loans; obtaining and fulfilling bank guarantees and liabilities under suretyship and pledge agreements. This also covers funds transfer by individuals within the Union’s customs territory.

Once the Agreement is effective, the Union residents will be able to open accounts and deposits in national and foreign currencies in credit institutions in other Member States and perform various transactions without any restrictions.

To create favorable transboundary business environment across the EAEU, with regards to the Commission’s initiative, the Russian Federation made amendments to Russian Federal Law No. 173-FZ dated December 10, 2003 “On Currency Regulation and Currency Control.”

These amendments are liberally oriented and provide for the management of accounts by Russian residents in banks located in the territory of other Member States. The new provisions of Law No.173-FZ are applied retrospectively and address legal relations established since January 1, 2018.

Pursuing the Agreed Exchange Rate Policy

In cooperation with the EEC, the Member States’ national (central) banks have developed a Draft Agreement on the Advisory Board for Exchange Policy of the EAEU National Banks.

The Draft Agreement defines key goals and objectives of the Advisory Board, its members, the procedure of communication of the Board’s decisions to the EAEU countries and the Commission, as well as coordination of the exchange rate policy implemented by financial regulators.

The Board’s top priority is to coordinate the Member States’ exchange rate policies. The Board will identify possible weak points that could lead to volatility in domestic currency markets of the Union States and negatively impact national currency fluctuations. In addition, the Board will develop measures to mitigate the impact of external shocks on inflation processes and macroeconomic stability in the Eurasian economic environment.

Implementation of the Agreement on the Advisory Board will allow residents from other Member States to predict currency risks and make informed decisions on applying hedging instruments when making foreign transactions, lower expected levels of inflation and devaluation, and improve trust of businesses in the national currency.

Increasing Availability of Credit Resources

In order to ensure equal rights and opportunities for consumers of financial services and available instruments (resource) for identifying and evaluating credit risks of a potential borrower the Commission together with the Union States has developed the draft Agreement on the Procedure for Exchanging Data from Credit History within the Eurasian Economic Union.

This Agreement will ensure equality between residents of all Member States when applying for credit resources to banks located in the territories of other Member States as well as contribute to the development of transboundary crediting within the Union.

A Russian entrepreneur received a loan in a bank of another Member State and used it for investment in the same State.

The Federal Tax Service of the Russian Federation fined the entrepreneur — % of the loan received, due to the violation of Law No. 173-FZ dated December 10, 2003 “On Currency Regulation and Currency Control” regarding transactions not provided for by Russian legislation, with an account opened in a bank located outside Russia.

The Commission appealed to the Government and the Central Bank of the Russian Federation with a suggestion to consider amending Law No. 173-FZ to simplify transactions with accounts opened in banks of the Union Member States. In December 2019, the State Duma of the Russian Federation approved amendments to the said law extending the list of transactions that can be performed by Russian residents with accounts opened in the Member States’ banks.
DISTRIBUTION OF IMPORT CUSTOMS DUTIES BETWEEN BUDGETS OF THE EAEU MEMBER STATES

Standards of Import Customs Duties Distribution

The goal of customs and economic unions is to stimulate the development of domestic trade, mutual investment, cooperative relations between enterprises and, as a result, increase competitiveness of the EAEU Member States’ economies.

Such unions imply introduction of a single customs rate, absence of internal customs borders and free movement of goods across the Union, including those previously imported. Thus, such imported goods will pass customs clearance in one State and be consumed in another State.

The logic behind the duties distribution is that the duties paid for goods imported to the Union and consumed in a Member State, must be directed to the treasury of such State no matter where they pass customs processing and where the import duties have been paid.

With regards to the establishment of a single customs territory of the Customs Union in 2010, removal of customs control at inner borders and introduction of the Single Customs Rate, the Agreement on Establishing and Applying the Procedure for Transfer and Distribution of Import Customs Duties (Other Duties, Taxes and Fees Having Equivalent Effect) in the Customs Union. The Agreement was signed in May 2010 and enforced in the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation starting September 1 of that year.

Then, the Agreement was included in the legal framework of the Union and became a vital part of the Treaty on the EAEU (Annex No. 5, Protocol on the Procedure for Transfer and Distribution of Import Customs Duties (Other Duties, Taxes and Fees Having Equivalent Effect), and their Transfer to the Budgets of the Member States).

At that time, the standards for distribution were as follows:
- the Republic of Belarus — 4.7%,
- the Republic of Kazakhstan — 7.33%,
- the Russian Federation — 87.97%.

When the Republic of Armenia and the Kyrgyz Republic acceded to the Treaty on the EAEU in 2015, they were revised and applied with the new Member States’ interests in mind (the Republic of Armenia — 1.11%,
- the Republic of Belarus — 4.56%,
- the Republic of Kazakhstan — 7.11%,
- the Kyrgyz Republic — 1.90%, and
- the Russian Federation — 85.32%).

Later the standards were reviewed several times, and since January 1, 2020 they have been established as follows:
The Commission, in accordance with the Protocol, monitors its implementation by the Member States and prepares annual reports on transfer and distribution of import customs duties. The reports are submitted for consideration by the Eurasian Intergovernmental Council. To this end, the Commission:

- forms databases for paid, collected and distributed import customs duties;
- conducts a factor-based analysis of the import customs duties collected by the Member States, assessment of the factors’ impact on changes in the amounts of collected and distributed duties;
- assesses the change in the arithmetic mean rate for the import customs duties by product category.

The draft Agreement regulates the procedure for conducting joint monitoring activities by SANFC to audit compliance with the provisions of the Protocol on the Procedure of Enrollment and Distribution of Import Customs Duties by the Union Member States.

The draft Agreement defines the following:

- joint monitoring measures are aimed at auditing and controlling enrollment of import customs duties to be distributed, the completeness and timeliness of their transfer by Member States’ authorized authorities, as well as compliance with the standards for the distribution of import customs duties established for each Member State by Member States’ authorized authorities;
- Member States’ treasuries are subject to the monitoring measures. At the same time, if necessary, upon request by SANFC, central customs bodies and national (central) banks must provide additional information and documentation;
- procedure for conducting joint monitoring measures is defined by the terms of approval of the audit and result preparation programs (the final document — Summary Report on the Results of the Monitoring Measures for the Period under Review);
the mechanism for eliminating identified violations and implementing suggestions by supreme authorities for financial control is defined by the necessity for submitting a summary report on the results of conducted joint monitoring measures to the Member States’ government, terms and obligations to eliminate violations identified by the state authorities, as well as the legislation governing the process.

Currently, the draft Agreement is undergoing domestic procedures required for it to be signed.

Representatives of the Commission take part in the annual joint meetings of SANFC Boards where information is provided on the efforts undertaken by the Commission on enrollment and distribution of import customs duties between the treasuries of Member States to the heads of Member States’ SANFC, and relevant issues regarding application of new distribution standards are discussed.

PAYMENT AND TRANSFER OF EXPORT CUSTOMS DUTIES

The EAEU Customs Code provides for the ability to define specifics of transferring and paying export customs duties by a separate treaty.

The first attempt to draft the agreement that would determine the procedure for paying export duties for goods originating from one Union country and exported from another Member State, as well as the procedure for transferring these duties from the country of export to the country of origin, was made in 2009–2011. However, the harmonized version of the Agreement failed to be drafted.

Currently, the Agreement on the Procedure for Payment and Transfer of Export Customs Duties when Exporting Goods to Third Countries from the EAEU Customs Territory has been generally developed and provides for the following:

- if goods originating from one Member State, subject to export duties in accordance with the legislation of that State, are exported outside the customs territory of the Union from another member State, export duties are paid in the country where the customs authorities allowed goods for export, at rates effective in the country from which the exported goods originate;
- the duties paid by exporters are transferred to the treasury of the country of origin;
- the Commission drafts a consolidated list of goods subject to export customs duties in the Member States and their rates (to be used by customs applicants and customs authorities when processing goods for export);
- the draft Agreement does not apply to certain types of energy source materials (oil and oil products, natural gas).

The completion of work on the draft Agreement is due to the development of a single position among the Member States on the issue of determining and confirming the country of origin of goods exported outside the Union.
ESTABLISHING THE EAEU SINGLE SERVICES MARKETS

**Single Market of Audit Services**

The single market of audit services within the EAEU will start its operations in 2022. This decision was made by the Heads of the Member States in 2016.

In order to implement this decision, the draft Agreement on the Provision of Audit Services within the EAEU has been developed, which has already been approved at the domestic level in the Member States and is currently at its final stage of refining.

Following the Agreement’s enactment, in the EAEU, provision and consumption of audit services will be carried out without restrictions and derogations. National qualification certificates of auditors and auditor’s statements (reports) will be mutually recognized as issued by an audit company of one State in the territory of other Member States.

The draft Agreement defines the following:

» uniform requirements to legal entities and individual entrepreneurs who want to carry out audit activities;

» qualification requirements to auditors and the procedure for further training;

» conditions for providing and seizing rights to perform audit activities (for individuals — to participate in performing audit activities);

» the procedure for keeping national registers of auditors and audit organizations;

» procedure for the provision of audit services and the procedure for arranging external quality control of audit organizations;

» cases subject to mandatory audit;

» restrictions in activities imposed on an audit organization and independent auditor.

External quality control of audit services will be carried out by the authorized authorities in the State where the company is incorporated and the authorized authorities of other Member States where the company performed its activities (controlling parties from another Member State can participate in the process).

The enforcement measures will be imposed by the controlling body of the Member State where the violation was identified and in compliance with the legislation of this State.

It was agreed that each Member State is entitled to impose additional requirements to auditors providing services to the financial market, joint-stock companies, as well as to the national (central) bank.
Arising from the said draft Agreement, the EEC developed the draft Agreement on Administrative Cooperation Regarding Audit within the EAEU which shall define the following:

» procedure for information exchange regarding incorporation of audit organizations, individual auditors and auditors;

» procedure for cooperation between bodies authorized to perform external quality control of audit organizations and individual auditors;

» procedure for cooperation between bodies authorized to regulate audit activities.

Establishing the Single Market of Reporting and Accounting Services

As part of efforts aimed at establishing the single market of reporting and accounting services within the EAEU, at the meeting on November 23, 2020, the EEC Council approved the draft Decision of the Supreme Eurasian Economic Council "On Amending Selected Decisions of the Supreme Eurasian Economic Council." In accordance with the draft Decision, the single market in this area will become operational starting from January 1, 2025 after harmonized requirements to reporting and accounting service providers originating from one Member State and carrying out activities in another, are implemented in the EAEU law. The EEC, along with the Member States, undertook to ensure implementation of such harmonized requirements in the Union’s law before January 1, 2024.

COMBATING LAUNDERING OF PROCEEDS OF CRIME AND TERRORISM FINANCING

In compliance with the EAEU Customs Code, customs authorities of the Member States must monitor movement of money, securities, foreign exchange assets, traveler’s cheques across the customs border to prevent legalization (laundering) of proceeds of crime and terrorism financing.

To this end, the Treaty for Counteraction to Criminal Income Legalization (Laundering) and Terrorism Financing When Moving Cash and (or) Monetary Instruments across the Customs Border of the Customs Union dated December 19, 2011 was approved.

The Treaty was developed in compliance with FATF Recommendation No. 32 "Cash couriers" and entitles customs authorities of Member States to suspend movement of cash and/or financial instruments across the Union’s customs border based on the information from financial monitoring and law enforcement bodies.

The Financial Action Task Force on Money Laundering (FATF) was founded in 1989 based on the decision of the Group of Seven, and is the key intergovernmental institution developing and implementing standards in respect to combating laundering of proceeds of crime and terrorism financing.

In accordance with the Resolutions of the United Nations Security Council (2005, No. 1617; 2019, No. 2462), the FATF recommendations serve as international standards binding for the UN Member States.

In collaboration with other international parties, FATF is directing efforts to identify vulnerabilities at the national level to protect the international financial system from abuse.
Arisign from the said Treaty, the Agreement for Counteraction to Criminal Income Legalization (Laundering) and Terrorism Financing When Moving Cash and (or) Monetary Instruments across the Customs Border of the EAEU was drafted.

The draft Agreement implements the requirements of FATF Recommendation No. 32 on ensuring cooperation and collaboration between customs and other competent authorities on information exchange within the country, as well as between the Member States.

The draft Agreement provides for the fact that information exchange between the States will rely on mutual reporting on movement of cash and/or financial instruments stated in the passenger customs declaration across the EAEU customs border. The information exchange will be arranged as follows:

- the Member States will define a body responsible for creating a database on the movement of cash and financial instruments;
- the database is comprised of information indicated by individuals in passenger customs declarations and goods declarations;
- information exchange is carried out upon request from financial monitoring, law enforcement and customs bodies. The draft Agreement formalizes the procedure for filing such requests, terms of their processing, and cases for refusing their fulfilment;
- information acquired within the Agreement is confidential and cannot be used for purposes other than those for which it was requested, without the written consent of the body who provided such information.

In 2020, it is planned to sign the draft Agreement by the Heads of the EAEU Member States. Changes to the 2011 Treaty are also underway to update its provisions with respect to the latest version of the FATF Recommendation 32 and its application practices.

The Commission improves cooperation with the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) which is the regional international association similar to FATF.

EAG is a regional organization similar to FATF which aims to assist Eurasian States in creating appropriate legal and institutional grounds for combating laundering and financing terrorism. Based on FATF methodology, EAG carries out mutual assessments of Member States’ national systems in this regard, researches standard procedures of money laundering and financing terrorism, and implements technical assistance programs for the Member States.

EAG comprises nine States: Belarus, China, India, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, and Uzbekistan. Armenia is an Observer State. The EEC acquired the EAG observer status in 2016.

In July 2020, Timur Zhaxylykov, Minister in charge of Economy and Financial Policy of the Commission, and Yury Chikhanchin, Director of Rosfinmonitoring and EAG’s Chairman discussed the cooperation prospects between the Commission and EAG. The signing of the Memorandum of Understanding between the Commission and EAG is planned for 2020, as well as implementation of joint projects to minimize the risks of legalization (laundering) of proceeds of crime, and participation in joint public events.

Extra attention is to be paid to reducing risks related to new schemes of money laundering and financing of terrorism that may arise from implementation of free movement of goods, services, capital, and labor in the EAEU.

Draft international treaties regarding finance developed by the Commission will be reviewed and evaluated in collaboration with EAG and in accordance with FATF Recommendations. With that, Commission experts will partake in EAG researches aimed at exploring standard ways and schemes of money laundering and financing terrorism as well as vulnerabilities in the relevant national systems.

Improvement of integration processes in the Eurasian Economic Union, establishment of the common financial market, efforts aimed at liberalization of legal currency relations, development of transboundary lending, and, as a result, mitigation or elimination of relevant barriers will lead to new risks related to money laundering and financing terrorism.
In order to develop relative measures, relative decisions at the supranational level and, accordingly, a supranational body with relative authority are required. This issue is supported at the management level (deputy) of the Member States’ financial monitoring bodies.

In order to consolidate this suggestion in the EAEU law, the EEC prepared and is now considering the draft Protocol on Introducing Relevant Amendments to the Treaty on the Eurasian Economic Union dated May 29, 2014.

**Enhancing Information Exchange between the Member States’ Tax Authorities**

The Union adopted the Protocol on Information Exchange in Electronic Format between Tax Authorities of the EAEU Member States on Paid Indirect Taxes where a unified information exchange standard for tax authorities is defined.


The amendments made are to improve tax administration using information technologies. This allowed streamlining the procedure for confirming export of goods and returning VAT to economic entities when carrying out export transactions subject to zero tax rate.

To accelerate the confirmation process for the export of goods in the EAEU domestic market, reduce grey import, and avoid negligence by importers, the application form on import and indirect tax payments, rules for filling in the application, and requirements to the exchange format are being improved. This is achieved through state-of-the-art information technologies increasing efficiency of information exchange, taking into account global experience and business community suggestions.

Moreover, at the moment, electronic taxpayer–tax authority services have been developed accessible upon application to Member State exporter. They provide taxpayers with the means to remotely monitor actions of their counterparties in the EAEU Member States. Implementation of such services is aimed at developing e-documentation and improving efficiency of VAT administration.

The electronic services make it possible to acquire information on the submittal of an electronic copy of the application on the import of goods and payment of indirect taxes imposed by tax authorities in the importing country (applicant) to tax authorities in the exporting country.

**TAX POLICY**

**Directions of Tax Policy within the EAEU**

The EAEU pursues a coordinated tax policy, especially regarding indirect taxation. The tax policy goals are as follows:

» ensuring non-discriminatory taxation;

» coordinating the tax policy and tax administration among the EAEU Member States regarding indirect taxes on mutual trade;

» harmonizing (aligning) excise duties rates for the most sensitive excise goods;

» ensuring continuous interaction and exchanging experience between Party departments.

**Tax Regulation**

The Customs Code of the Eurasian Economic Union regulates taxation when importing goods from third countries, as effective of January 1, 2018. The taxation within the Union is regulated by clauses 71–73 of the Treaty on the EAEU and Annex No. 18 hereto. The Treaty on the EAEU contains principles of interactions between the Member States on taxation. They are as follows: absence of discrimination regarding mutual trade; national treatment; indirect tax payment by the country of destination when importing goods. The procedure for collecting indirect taxes and monitoring their payment when exporting and importing goods, providing works and services, is as stated in Annex No. 18 to the Treaty.
Harmonizing Excise Duty Rates

In December 2019, the Agreement on the Principles of Tax Policy in the Field of Excise Duties on Tobacco Products was signed. The Agreement is aimed at ensuring operation of the tobacco products market within the Union by harmonizing (aligning) excise duties rates on cigarettes.

Harmonization of national legislation in this field makes ground for increasing mutual trade of tobacco products, contributes to creating equal competition for business and growth of budget revenues, as well as improves legal turnover environment.

Since 2024, when calculating national excise duties rates on cigarettes, Member States shall base their decisions on the indicative rate of EUR 35 per 1 thousand of cigarettes allowing for deviations of no more or less than 20%.

Looking forward, the Member States will develop the unified indicative rate and deviation ranges based on the Advisory Committee for Tax Policy and Administration every five years.

To harmonize excise duties rates on alcohol products, the draft Agreements on the Tax Policy Principles in respect of Excise Duties on Alcohol Products in the EAEU Member States.

VAT Collection within Free Trade Areas

In May 2020, to create equality of VAT collection in free trade areas in respect of goods imported from the EAEU Member States and goods of third countries, the Protocol on Amending the Treaty on EAEU regarding Provision of VAT Respite in Free Trade Areas of the Russian Federation was signed.

Improving Taxation System

Given the development of the EAEU domestic market, modernization of means of interaction for parties participating in the external economic activities, and development of global experience, the need emerges to further improve the indirect tax collection system and adapt adopted taxation norms to current circumstances.

The activities carried out in this respect include:

» improving the legal framework of the EAEU regarding taxation;

» eliminating tax exemptions and restrictions in the domestic market of the Union;

» providing specific recommendations on annulment of discriminating norms in national tax legislations;

» improving and digitalizing the information exchange between tax authorities;

» implementing advancements in the field of taxation, as well as the best taxation practices in the EAEU legislation.

The way for collecting indirect taxes within the EAEU domestic trade is being improved. The changes aim at enhancing tax monitoring regarding false export and false import of goods; improving interactions between tax authorities and taxpayers through service confirming information on import of goods and payment of indirect taxes; and reinforcing the procedure for collecting VAT when providing services between head office and its branch (representative office).

VAT Collection Procedure in E-Commerce

The Commission alongside the tax regulators of the Member States drafted the Protocol on Amending the Treaty on the EAEU regarding the Procedure for Collecting VAT from Electronic Services within the EAEU. It suggests to formalize the following items in the Union’s law: the term “electronic services”;

» list of electronic services and its exceptions;

» procedure for determining the location of electronic service sale when providing them to individuals, individual entrepreneurs and legal entities (B2C and B2B deliveries);

» means of VAT payment when providing electronic services;

» an indicative list of documents confirming the location of electronic service sale (or necessary details hereof);

» simplified submittal procedure for declaring such services via a dedicated service at tax authority websites, etc.
In addition, the Commission suggested that the Member States create an electronic service for collecting and paying taxes when providing electronic services by taxpayers within the Member States by registering in one of the Member States, similar to the existing MOSS effective in the European Union.

Establishing the Fiscal Monitoring of Goods Turnover

In March this year, the Chairman of the EEC Board submitted a statement to the Heads of Government in the Member States containing a proposal on establishing the general fiscal monitoring of the turnover of goods, as well as forming a Working Group at the deputy head level in terms of Member State bodies authorized to consider this issue.

In July-August 2020, face-to-face meetings with heads of tax and customs bodies took place, as well as several meetings and consultations with experts and heads of the authorities of the EAEU Member States which were held via video conferences. All of them considered the issue of forming the fiscal monitoring of goods turnover.

At the specified meeting and consultations, the principal consensus was reached on the readiness of the EAEU taxation authorities for digitalization of tax administration, and re-engineering of the existing regulations regarding transboundary information exchange.

On October 22, 2020, at the meeting gathering authorized authorities of the Parties, the main principles of establishing fiscal monitoring of the goods turnover in the mutual trade were developed, and the relevant business processes were conceptually described as part of the instruction by the EEC Council dated September 4, 2020.

The creation of the fiscal monitoring system will allow to streamline the document management, optimize the identification and verification processes for the transaction participants, ensure full automation of the mutual trade processes, simplify accounting and indirect tax collection.

Cooperation with the European Union on Taxation

The Commission plans to contribute to the cooperation and exchange experience with the European Union regarding taxation in the following areas:

» procedures for registering EU taxpayers (establishing and regulating);

» implementation of the procedures for VAT registration via the VIES-VAT Information Exchange System;

» simplified documentary confirmation of zero-rated VAT;

» VAT return in the EU States;

» information exchange between tax authorities in the EU States.

In addition, taking into account EU experience regarding collection of VAT for electronic services; successful implementation of the MOSS system for paying such VAT; as well as promising development within the strategy for establishing the Single Digital Market and the Action Plan on VAT by the European Commission concerning the expansion of MOSS to the transboundary online trade of goods, the Commission takes interest in enhancing cooperation in these areas.
IMPLEMENTING TRACEABILITY MECHANISMS FOR GOODS IMPORTED INTO THE EAEU CUSTOMS TERRITORY

At the meeting of the Supreme Eurasian Economic Council held May 29, 2019, the Agreement on the Mechanism of Traceability of Goods Imported into the Customs Territory of the Eurasian Economic Union (hereinafter, the Agreement) was signed by the Heads of States. The Agreement will become effective following the completion of domestic procedures in the Kyrgyz Republic.

The Agreement suggests to create national traceability information systems in the Member States. Such systems will accumulate all information on movement of imported goods, as well as facilitate the exchange of the information between the Member States.

To organize the implementation of the Agreement:

» the Project Office for implementing the Agreement was formed from the officials and employees of the Eurasian Economic Commission departments (Order No. 304 by the Chairman of the EEC Board dated September 8, 2020);

» the Action Plan of the Eurasian Economic Commission on implementing the Agreement was developed and approved (Order No. 352 by the Chairman of the EEC Board dated October 7, 2020), which defines the list of the solutions of the EAEU bodies to be developed, the Commission departments responsible for their development, and schedules;

» the following draft documents have been developed and are now awaiting approval:
  • requirements to the unique identification of the accompanying document and the structure of its registration number;
  • the procedure for electronic interaction between the Member States’ public authorities and/or organizations as part of implementing the traceability mechanism for goods imported to the customs territory of the Union;

ELABORATION OF ANTI-CRISIS AND STABILIZATION MEASURES TO ENSURE ECONOMIC STABILITY OF THE EAEU MEMBER STATES AMID COVID-19 PANDEMIC

The Financial Policy Department along with the Eurasian Development Bank prepared the Program on Assisting in Overcoming the Consequences of the COVID-19 coronavirus pandemic for 2020–2021, which implies approving and implementing urgent anti-crisis and stabilization measures to ensure economic stability and financial support of business entities in the Member States amid COVID-19 pandemic.

The Program includes measures by the Eurasian Development Bank and Eurasian Fund for Stabilization and Development and aims at solving, among other things, the following issues:

» financing economically and socially significant investment programs, including projects with significant economic integration effects aimed at increasing mutual trade, mutual investments and deepening the production cooperation of the Member States;

» financing projects aimed at implementing new technologies, including digital ones;
implementing individual support measures on Bank’s current projects;

implementing SME support programs, as well as providing trade financing in cooperation with commercial banks;

providing targeted anti-crisis financial support to affected business entities in the Member States by the Eurasian Development Bank, etc.

In order to increase the share of national currency settlements in mutual trade among the Member States, efforts are being made to de-dollarize settlements and liberalize exchange controls on transboundary operations carried out within the EAEU.
CONTENTS

36  Free Movement of Services
37  2019 Statistics on Mutual Trade in Services
39  Establishing the Single Services Market
44  Regulatory Impact Assessment
48  Protection of Intellectual Property
**FREE MOVEMENT OF SERVICES**

One of the key objectives of the Eurasian integration is to ensure free movement of services. Currently, services represent a significant sector for most global economies. For example, in the European Union, they account for over 70% of GDP.

In the Eurasian Economic Union, the share of services in GDP amounted to 59.1% in 2019. The share of the services sector in the structure of GDP by Member State amounted to:

- **Republic of Armenia** — 58.5%
- **Republic of Belarus** — 54.4%
- **Republic of Kazakhstan** — 60.9%
- **Kyrgyz Republic** — 56.7%
- **Russian Federation** — 58.5%

**SHARE OF SERVICES IN THE GROSS DOMESTIC PRODUCT OF EAEU MEMBER STATES IN 2019, %**

![Graph showing the share of services in the gross domestic product of EAEU member states in 2019.](image)

1. The calculation was made based on the EEC data. Gross domestic product by type of economic activity at current prices (USD)/ http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/econstat/Pages/national.aspx.
2. Ibid.

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**2019 STATISTICS ON MUTUAL TRADE IN SERVICES**

In 2019, mutual services between the EAEU Member States (the amount of exported services) amounted to USD 8,795.9 million.

**Legal grounds for interaction between the EAEU Member States in the service industry are defined by the Treaty on the EAEU (Section XV of the Treaty on the Union and the Protocol on Trade in Services, Incorporation, Activities and Investments** (Annex No. 16 to the Treaty on the EAEU)).

In accordance with the Treaty on the EAEU, service providers are presented with:

- national treatment (clauses 21–26 of Annex No. 16 to the Treaty on the EAEU);
- most favored nation treatment (clauses 27–29 of Annex No. 16 to the Treaty on the EAEU);
- no quantitative and investment restrictions on business (clauses 30–34 of Annex No. 16 to the Treaty on the EAEU).

**MUTUAL SERVICES OF THE EAEU MEMBER STATES (ACROSS THE UNION), USD MLN**

![Graph showing mutual services of the EAEU member states across the union in USD million.](image)

**Source:** EEC data.

An important priority of integration cooperation between the EAEU Member States is the establishment of the single services market. The single services market implies that the services market as part of a certain industry allows each EAEU Member State to entitle entities from other EAEU Member States with the following:

1. deliver and receive services under certain conditions specified in the Treaty on the EAEU, without restrictions, exemptions, and additional requirements, except for conditions and restrictions provided for by Annex No. 2 to Annex No. 16 to the Treaty;
2. deliver services without incorporating an additional legal entity;
3. deliver services based on permission to deliver services acquired by the service provider in their own Member State;
4. recognize professional skills of the service provider personnel.

For example, a tour operator from the Republic of Belarus can carry out its activities in the territory of the Russian Federation without registering in the Unified Federal Register of Tour Operators which is kept by the Federal Agency for Tourism, based on the permission obtained in its State (i.e. it is included in the register of tourism activity subjects of the Ministry of Sports and Tourism of the Republic of Belarus).

Since January 1, 2015, 43 services have been included in the single services market of the EAEU Member States, including:

- general construction works;
- services related to agriculture, forestry and logging, hunting management;
- wholesale and retail trade services;
- taxation services;
- software application services, etc.
The EAEU Member States strive to ensure operation of the single services market in a large variety of sectors.

In 2016, Heads of the EAEU Member States approved the liberalization plans for 18 service sectors, 10 of which have already been transitioned to the common market, including:

» services related to production and distribution of movies and videos;
» advertising services;
» services by travel and tour agencies;
» research services;
» mapping services, etc.

Thus, the single services market currently operates in 53 sectors.

At the same time, the EAEU Member States strive to ensure operation of the single services market in a large variety of sectors.

By 2025, the single services market is planned to cover at least 61 sectors. 8 service sectors will join the common market, including:

» services for general construction works concerning civil engineering (tunnels, bridges, pipelines, communication);
» asset valuation services;
» underground and surface surveying services;
» weather forecast and meteorological services, etc.

Key documents on ensuring free movement of services:

1. Decision No. 110 of the Supreme Eurasian Economic Council dated December 23, 2014 “On approval of the list of sectors (subsectors) of services in which the single services market operates within the Eurasian Economic Union.”

2. Decision No. 112 of the Supreme Eurasian Economic Council dated December 23, 2014 “On approving the individual national lists of restrictions, exemptions, additional requirements and conditions within the Eurasian Economic Union for the Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Kyrgyz Republic, and the Russian Federation.”

3. Decision No. 30 of the Supreme Eurasian Economic Council dated October 16, 2015 “On the approval of the list of sectors (subsectors) of the services which will form the single services market within the framework of the Eurasian Economic Union according to liberalization plans (during the transitional period).”


5. Decision No. 24 of the Supreme Eurasian Economic Council dated December 26, 2016 “On approval of rules for regulation of trade in services, incorporation and activities.”


An important factor in the development of trade in services within the EAEU is ensuring unhindered internal regulation in the EAEU Member States.
In order to improve the business environment in the Union Member States and in accordance with clause 61 of Annex No. 16 to the Treaty on the EAEU, in 2016, the Supreme Eurasian Economic Council approved the Rules Governing Trade in Services, Incorporation and Activities, which serve as the foundation for free movement of services and business.

They account for the forward-looking global experience, best practices and imply a comprehensive approach to governing business activities based on common principles.

Deepening investment cooperation between the EAEU Member States is the top priority of the Eurasian integration as the investments serve as grounds for stable economic growth of these countries.

The legal grounds for the development of investment cooperation between the EAEU Member States are laid down in Section XV of the Treaty on the EAEU and Annex No. 16 hereto.

In accordance with the Treaty on the EAEU (clause 24 and 29 of Annex No. 16 to the Treaty on the EAEU), each EAEU Member State shall provide entities of any EAEU Member State national treatment and most favored nation treatment with respect to its incorporation and activities.

In accordance with clause 76 of Annex No. 16 to the Treaty on the EAEU, each EAEU Member State ensures and provides, in accordance with its legislation, protection of investments on its territory for investors of other Member States.

According to clauses 77–81 of Annex No. 16 to the Treaty on the EAEU, the following guarantees are provided for foreign investors:

- right to reparations under national treatment or most favored nation treatment at investor’s discretion;
- impossibility of expropriation (i.e. arbitrary deprivation of investors’ property) or nationalization of investors’ investments.

Clauses 84–87 of Annex No. 16 to the Treaty on the EAEU provide an opportunity for investors to choose the jurisdiction for the consideration of its disputes with the Recipient State.

The analysis of the total volume of mutual investments indicates that investments in the EAEU Member States from third countries comprise a significant share in the investment flows.

Kazakhstan has the largest share of direct investments in the gross domestic product.
With the transfer of the EAEU Member States’ regulatory competencies to the supranational level of the Eurasian Economic Commission, it has become required to support EEC decision making with business sentiment taken into account.

For this purpose, as of April 1, 2015, the Regulatory Impact Assessment (RIA) procedure was introduced into practice of the Commission in accordance with the Treaty on the Union and the EEC Rules of Procedure.

The RIA procedure is an essential step in Commission’s preparing draft decisions which can impact business activities and allows to maintain balance when ensuring budget considerations and consumers safety as the supranational regulation within the Union remains unhindered and comprehensible for business entities.

The RIA procedure aims to identify and eliminate excessive obligations, limitations, and bans for business, unreasonable expenses for entrepreneurs, barriers for free movement of goods, services, capital, and workforce in the customs territory of the Union from EEC draft decisions.

The Commission’s RIA procedure is comprised of two parts:

» current assessment, that is, public discussion of the EEC draft decision with the entrepreneurial and expert community on the website of the Union;

» final assessment, that is, preparing the summarizing document on assessment (RIA report) by the EEC Working Group.

Due to the implementation of RIA, the period of an advance notice on the planned introduction of supranational regulations with an impact on business environment increased almost 6 times: from 15 to at least 88 calendar days.

The RIA methodology includes a structured analysis of the proposed regulation under the key qualitative characteristics.
These characteristics are described by the Elaborating Department in the information and analytical note (sheet), that is posted on the Union’s website along with the EEC draft decision. The arguments of the Elaborating Department are assessed during RIA procedure considering, among other things, feedback from business representatives and experts received following public discussion.

Based on the results of RIA, not only specific provisions of EEC draft decisions are adjusted, but conceptual approaches to implementing supranational regulation within the EAEU change as well considering possible consequences of its impact on entrepreneurs in the Member States.

From April 1, 2015 to December 31, 2019, as part of public discussion of 309 EEC draft decisions, the Commission received over 7,000 comments and suggestions which averages to 24 reviews from business on each draft and confirms the demand for the RIA procedure among Member States entrepreneurs.

Compared to preceding periods, in 2019 the RIA procedure for EEC draft decisions stands out with the following features:

- while the number of EEC draft decisions undergoing public discussion remained relatively the same in 2018 and 2019 (49 and 46 respectively), the total number of comments and suggestions provided within public discussion in 2019 increased by over 80% compared to 2018 (from 821 to 1,480);
- the share of positive RIA reports on the EEC draft decisions increased by 1.5 p.p., to 86.5%, and is currently at the highest level over the entire monitoring period. It can be concluded that the EEC draft decisions generally aim to improve business environment in the Union;
- in 2019, the share of the accepted comments and suggestions provided within public discussion increased and now exceeds 50% (56.9%) which demonstrates that the Commission considers the opinion of the business community when establishing the Union’s law.

In 2019, the Commission implemented measures on two key areas of developing the RIA procedure at the supranational level.

Firstly, the EEC Board supported by the EAEU Member States provided for the possibility to perform RIA for draft international treaties concluded within the EAEU. Both the relevant departments of the Commission and the EAEU Member States are entitled to initiate this procedure. The viability of performing RIA is to be defined individually for each draft international treaty within the Union with consideration to its impact on business.

This approach seems rational since many international treaties within the EAEU are becoming more than simple supranational treaties due to the deepening of integration processes.

Currently, many international treaties within the Union acquire the sectoral regulation status, which defines approaches to determining the business environment and its supranational regulation in the EAEU.

Secondly, in July 2018, the Eurasian Intergovernmental Council instructed the EEC to implement a pilot project on the ex post evaluation of decisions adopted by the EEC. In January 2019, the Commission’s Board approved an action plan for the pilot project implementation.

In 2019, as part of implementing this action plan, the ex post evaluation of three EEC decisions was performed within the pilot project:

- the Union import procedure for products subject to conformity evaluation regarding requirements in technical regulation;
- unified quarantine and phytosanitary requirements of the Union; registration procedure for declaring conformity of products with the Union technical regulations.
Within the survey of business community conducted on the EEC website on these three documents, 73 completed questionnaires from business associations, business entities and expert community members were submitted.

Based on the results of the pilot project, ex post evaluation reports were prepared on these three acts.

These reports contain suggestions and recommendations for specific changes to the current regulations of the Commission, which will improve the business climate, increase the level of comprehensibility of supranational regulation for entrepreneurs.

Implementation of the pilot project made it possible to start a gradual comprehensive assessment coverage with regards to the impact of the entire life cycle of the Union’s law on business, from examination of the draft regulation to identifying actual consequences of its practical implementation.

Looking forward, work on these two areas of RIA development will be continued by implementing the ex post evaluation of decisions adopted by the EEC and RIA of draft international treaties within the Union. The approach to the latter will be systematic, with the relevant changes to the Treaty on the Eurasian Economic Union dated May 29, 2014 (hereinafter, the Treaty on the Union) and the Commission’s Rules of Procedure.

Thus, the RIA procedure is the main tool for considering business interests in the EEC decision-making process, and its implementation helps engage all stakeholder groups as part of establishing and improving supranational regulation within the Union.

To ensure a solid foundation for transitioning to the knowledge economy, the EAEU Member States prioritize issues of stimulating the creation and use of intellectual property.

Technological progress, development of competitive economy of the States, efficient use of scientific, technical and innovative potential are ensured in general by the creation and use of intellectual property.

In this regard, the EAEU Member States are establishing mechanisms of preferential lending and taxation, providing grants to innovative enterprises, as well as creating venture funds, innovation centers, high-tech parks, and financing start-ups.

One of the most significant indicators of stimulating the national economy growth is the Global Innovation Index (GII).

As evidenced by the chart below, the average GII ratio of the Republic of Armenia from 2015 to 2019 amounted to 34, the Republic of Belarus — 30.6, the Republic of Kazakhstan — 30.8, the Kyrgyz Republic — 27.4, the Russian Federation — 37.7.

Only the Russian Federation among the EAEU Member States is systematically included in the top 50 leading countries by GII. The biggest breakthrough in the ranking was made by the Republic of Belarus moving 15 places up from 2015 to 2019. The Kyrgyz Republic moved up 13 places in 2018 compared to 2014, but moved 4 places down in 2019 compared to 2018.

An efficient and balanced system for protecting intellectual property rights is also a vital element of economic growth.

The main indicator of such system performance in a State is the existing law enforcement practice, preventing and restraining violations of intellectual property rights.

The use of the EAEU Members States’ common approaches in law enforcement practices assumes great importance regarding the Eurasian integration.

To this end, within the framework of the Treaty on Coordinating Actions on Intellectual Property Rights Protection, the EEC performs annual monitoring of law enforcement practices in the EAEU Member States.

**PROTECTION OF INTELLECTUAL PROPERTY**

With regards to intellectual property, in recent years, the EAEU Member States have put significant efforts in improving legal regulation, intellectual property protection mechanisms, modernization of technology and innovation support centers, implementing automated and digital services for providing legal protection of intellectual property, as well as researching in the field of intellectual property in recent years.
According to the report on law enforcement practices in the sphere of intellectual property rights protection in the Eurasian Economic Union for 2019, a total of 13,351 violations concerning intellectual property were recorded across the Union in 2019, which is 3 times more than in 2018.

The total volume of counterfeit products identified in the EAEU Member States was up by 54% in 2018 against 2017.

In the year 2019, it was down by 11.6% as compared to the previous year and exceeded 15.3 million units.

However, the volume of counterfeit products, comparing 2019 and 2018, increased by 46% in the Republic of Armenia, by 106% in the Republic of Belarus, and by 94% in the Republic of Kazakhstan.

The volume of counterfeit products dropped by 56% in the Kyrgyz Republic and by 13.7% in the Russian Federation.

Illegal use of trademarks accounts for more than 88% of all violations across the EAEU Member States, and the share of violated copyright and other related rights exceeds 11%. Patent law violations account for 0.04%.

Clothes and footwear, toys, labels and packaging, food, perfumery, and cosmetics are the most popular counterfeit products in the EAEU.
Overall, such breakdown of the volume of counterfeit products revealed by product categories to the figures of the previous years, as well as to general trends that the OECD, the WCO, and the European Commission have specified in their researches.

Establishment of the unified customs register of objects of intellectual property within the EAEU Member States, which will guide their customs services, is one of the tools addressing the problem of counterfeit products distribution.

Adoption by the EAEU Member States’ customs authorities of unified measures to protect the rights to intellectual property included in the unified customs register of intellectual property is enshrined in the Customs Code of the Eurasian Economic Union.

The Commission keeps the unified customs register of the Union.

Registration in the unified customs register will be made in e-form via the personal account on the Union’s website.

Intellectual property registration in the unified customs register will help combat unfair competition connected with trafficking, create favorable conditions for entrepreneurs to promote their products and services in the markets of the Union, and shape marketing strategies in a more efficient way.

The Union’s trademark will be the easiest mark to be included in the unified customs register. The registration of the Union’s trademark by filing one application to any of the EAEU Member States’ patent offices will provide its legal protection across the Union at once.

Today, a new regional system of registration of the Union’s trademarks is being developed under the Treaty on Trademarks, Service Marks and Appellations of Origin of Goods of the Eurasian Economic Union, aimed at providing free movement of goods and services, as well as reducing administrative barriers, and temporary and financial costs.

Once the Union’s trademark has legal protection and is included in the unified customs register, the following outcomes will be considered positive for entrepreneurs:

- a high level of rightsholders protection by customs authorities when transferring goods designated with intellectual property across the Union’s customs border as well as efficient detection and suppression of unfair competition;
» creation of a favorable environment for distributing goods designated with intellectual property across all the EAEU Member States, and as a result increased investment and business activities;

» new opportunities for brand promotion and sale of products in the Union’s market;

» protected reputation of goods designated with intellectual property.
Free movement of labor is one of the four freedoms forming the basis of Eurasian economic integration.

The Commission’s main goal in regard to labor migration and social protection is to provide conditions for free movement of labor and to establish the single labor market across the EAEU Member States. It enforces the Treaty on the EAEU in cooperation with the state authorities, as well as develops and implements proposals for further expansion of workers’ rights along with better mobility and social security coverage.

The Eurasian Economic Union offers new opportunities for the citizens.

The Treaty on the EAEU provides for equal opportunities in employment across the Union for all EAEU Member States’ citizens and a number of preferences in the country of employment, compared with workers from third countries.

Citizens of the EAEU Member States (hereinafter — the Member States) do not fall under the restrictions established by national legislation in order to protect their labor markets. Furthermore, quotation of jobs and mandatory work permits have been cancelled.

For people with no registration in the country of employment, the period of stay was extended to 30 days from the date of entry, while the total period of stay shall be determined as per the term of labor or civil legal contracts. They have 90 days to find a job.

Degree certificates are valid, so there is no need to undergo national recognition programs (with the exception of documents certifying academic degrees and ranks or degree in education, pedagogy, law, medicine, and pharmaceuticals).

Families of workers are allowed to live together until the labor or civil legal contract expires.

Minor family members may attend preschools and schools.

Social security coverage is provided for workers and their families under the same conditions and in the same manner as for citizens of the country of employment.

Social security (social insurance) comprises compulsory insurance for temporary disability, maternity, work-related injuries and occupational diseases, as well as compulsory health insurance.

Emergency health services (emergency and rescue medical care) are available free of charge for workers and their family members.

From the first day of employment, the same tax rate as for the fellow citizens is applied to earnings of workers.

Work experience is included in the total length of service for the purposes of social security (social insurance).

To further expand the rights of workers and improve social security, the Commission is constantly working, in cooperation with various parties, to develop a legal and contractual framework for the EAEU.

The Commission together with the Union’s countries has developed the Pension Agreement for Working Population of the EAEU Member States, signed by the Heads of these Member States at the Supreme Eurasian Economic Council’s meeting on December 20, 2019 in Saint Petersburg.

The ratification is at the final stage, so it is expected that the Agreement will enter into force in 2020.
Thanks to the Agreement, the Union’s citizens will have an opportunity to establish, preserve, and further implement their pension rights, established during employment in other EAEU Member States, in full.

The Agreement provides for equal rights of workers, i.e. the right of workers (or their family members) to receive a pension will be established and implemented on the same conditions as for citizens of the country of employment.

Each Member State may establish the right to receive a pension in line with local legislation. For entitlement to a pension, records of service (summarized) in other Member States in accordance with the legislation of each Member State are considered, except for the cases when periods of service coincide in time. However, each Member State shall calculate pensions in accordance with its national legislation.

Another amendment to the Agreement is equality between territories and pension export. If workers reside in the other Member State pensions will also be granted and paid to, but excluding those payments that are made only if they live in the respective Member State.

The Agreement says that workers have the right to receive a pension (other than funded, disability or survivor’s pensions) if they have worked for at least 12 full months in a Member State, whose legislation provides for such a pension. The right to receive a funded, disability or survivor’s pension is established in accordance with the Member States’ laws.

Medical examination and disability confirmation for pension purposes will be carried out in conformity with legislation of the Member States.

According to the Agreement, the length of service is calculated for pension purposes as follows:

- for the experience acquired after the entry into force of the Agreement, pensions will be paid by the Member States to workers who have served on their territories;
- for the work experience acquired prior to the entry into force of the Agreement, pensions will be paid following the Member States’ legislation and the Agreement on Guarantees of Rights of Citizens of Participant States of the Commonwealth of Independent States in the Sphere of Pension Provisions dated March 13, 1992.

Therefore, workers will be entitled upon returning to their homeland to receive a pension from those EAEU countries where they have been employed and earned the right to receive a pension. Each country will export part of such pensions for the periods workers have served on its territory.

There is no doubt the Agreement will contribute to raising the level of social security of the EAEU countries’ citizens upon their retirement.

### Entitlement to a Pension within the EAEU Member States in 2020

<table>
<thead>
<tr>
<th>Republic of Armenia</th>
<th>Republic of Belarus</th>
<th>Republic of Kazakhstan</th>
<th>Kyrgyz Republic</th>
<th>Russian Federation</th>
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<tbody>
<tr>
<td><strong>Age:</strong></td>
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<tr>
<td>63 for both men and women</td>
<td>62 for men and 57 for women</td>
<td>63—men, 59.5—women (an annual increase of 0.5 years to 63 years old by 2027)</td>
<td>63—men, 58—women</td>
<td>62—men, 57—women (an annual increase of 1 year to 65 years old for men and 60 for women by 2024)</td>
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<td><strong>Experience:</strong></td>
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<tr>
<td>at least 10 calendar years</td>
<td>at least 25 years (for men) and 20 years (for women)</td>
<td>at least 11 calendar years (an annual increase of 1 year to 15 years by 2024)</td>
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<td><strong>Coverage:</strong></td>
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<tr>
<td>at least 17.5 years of compulsory insurance premiums payment (an annual increase of 0.5 years to 20 years in 2025)</td>
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<tr>
<td><strong>Specific requirement:</strong></td>
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<tr>
<td>Individual pension coefficient (IPC) = 18.6 points (an annual increase of 2.4 to 30 points in 2025)</td>
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The Commission works together with the parties to refine the healthcare system for workers and their families.

EAEU HEALTHCARE SYSTEM

Jointly with the parties, the Commission makes efforts to improve the existing healthcare system for workers and their family members as part of a special working group established to consider, among other things, the development of cooperation between the Member States aimed at combating socially dangerous (significant) diseases.

The volumes and types of healthcare services provided to citizens of the EAEU Member States on a free basis (funded by the state budget or as part of compulsory health insurance) have been analyzed. The findings of this analysis will be used to elaborate measures and mechanisms for further cooperation of the Member States in the field of healthcare and epidemiological well-being of the population in the course of the Strategic Directions for Developing the Eurasian Economic Integration until 2025, including for the purposes of quick response to emerging threats amidst the coronavirus pandemic and imposition of restrictions and bans on freedom of movement both within and between the Member States.

RECOGNITION OF EDUCATION DOCUMENTS AND WORKERS’ ACCESS TO PROFESSIONAL ACTIVITIES

Currently, the Member States’ citizens with academic degrees and ranks have to undergo the procedure of recognition in the country of employment, which prevents active movement of highly skilled specialists across the Union.

With a view to increasing the mobility of labor resources in the Union, an Agreement is being drafted for an explicit recognition of academic degrees in the Member States, i.e. without any other procedures.

The Draft Agreement had been generally approved by the Working Group consisting of representatives of the Member States’ competent authorities. The parties will consider the draft later on.

Signing of the Agreement will facilitate the capacity of scientific and human resources in the Union.

An amendment to the Treaty on the EAEU has been approved recently by representatives of the Member States’ competent authorities at the sectoral level, which ensures explicit recognition by a country of employment of education documents of the Member States’ workers who want to be engaged in pedagogical or legal activities.

Following the procedure for consideration of proposals aimed at improving the provisions of the Treaty on the EAEU, the amendment was reviewed at the meeting of the Consolidated Working Group’s expert subgroup established by Disposition No. 3 of the EEC Council dated February 12, 2016.

This amendment will simplify the employment procedure for citizens of the Member States and increase the mobility of labor resources across the Union.

Work on the “Unified Search System “Work Without Borders” project continues.

As a result, the users (job seekers and employers) will have the opportunity to search for vacancies and resumes placed in the national systems and employment resources of all Member States, as well as to send a response or invite for an interview.

The system will be available for citizens by the end of 2020. It will make the process of job searching easier and more comfortable.

The Member States will be able to:

» introduce modern and efficient digital tools for interaction between the Member States’ labor markets;

» create a technological basis for the development and implementation of the digital agenda in the Union, connected with the establishment of a digital ecosystem to provide employment of citizens of the Member States;

» contribute to ensuring the mobility of labor resources, as well as developing remote recruitment in the Union.
In order to make employment in the Member States more comfortable, certain activities are carried out for the purpose of improving approaches to the regulation of migration and unified rules that are suitable and convenient for law-abiding people.

An initiative is being implemented on the possibility of changing the purpose of entry for the Member States’ citizens without leaving the country of possible employment.

The Commission, together with representatives of the Member States, has prepared a mutually acceptable amendment to the Treaty on the EAEU, approved by the Consolidated Working Group on improvement of the Treaty’s provisions.

A protocol on amendments to the Treaty on the Eurasian Economic Union dated May 29, 2014 is being drafted.

As part of the Commission’s initiative on granting a special status to working citizens of the Member States who have a labor or civil legal contract for more than a year, it has been decided to draw up a list of migration, social, banking, insurance, and other issues that the EAEU workers face and address them.

Furthermore, the following issues are studied in depth.

1. Elimination of the need to register more than once if migrants have a long-term labor or civil legal contract in force.

As per clause 5, Article 97 of the Treaty on the EAEU, the period of temporary stay (residence) of workers and their families in a State of employment is determined by the validity period of a labor or civil legal contract.

However, those workers who have signed long-term labor contracts (for over a year)—which gives them the right to stay in a country of employment for a longer period of time—cannot register (migration registration) for the entire term of their long-term labor contract. In particular, registration in the Republics of Armenia, Belarus and Kazakhstan (obtaining a permit for temporary residence in the Republics of Belarus and Kazakhstan or the status of a temporary resident in the Republic of Armenia) should be carried out every year.

2. Cancellation of the 90/180-day rule for citizens of the Union.

In the Republic of Kazakhstan and the Russian Federation, the Member States’ citizens are subject to the so-called 90/180-day rule, meaning the period of temporary stay may not exceed 90 days for every 180 days.

Therefore, citizens of the Republic of Armenia, the Republic of Belarus and the Kyrgyz Republic who arrive in the Republic of Kazakhstan or the Russian Federation to work but for some reason do not sign a labor or civil legal contract within 90 days may exercise their right of re-entry only in 90 days.

There is a problem with legal long-term residence of citizens who accompany their relatives for study or treatment, parents of workers, etc.

There are no grounds for extending the period of temporary stay for the above-mentioned categories of the EAEU citizens.

To address this issue, it is proposed to supplement clause 6, Article 97 of the Treaty on the EAEU with the following paragraph: “Citizens of one Member State shall have the right to extend the period of temporary residence in other Member State, established by the legislation, as many times as they need without leaving this Member State.”

3. Reduction of administrative barriers in individual entrepreneurship.

Under the Treaty on the EAEU, the Member States’ citizens have the right to start an individual entrepreneurship in a country of employment, including in case of such registration in any Member State.
However, there are some serious shortcomings.

The period of temporary residence for individual entrepreneurs and their family members in a country of employment without a labor or civil legal contract has not been agreed upon yet. Hence, they are obliged to conclude services contracts, which may be extremely difficult sometimes (for example, for hairdressers, stylists, and other people in the service industry).

Some Member States allow their citizens to engage in individual entrepreneurship only if they have a temporary or permanent residence permit. Registration of individual entrepreneurship is required by all Member States.

Therefore, it is impossible for the EAEU citizens to be individual entrepreneurs for a long time.

To address this issue, it is proposed to supplement clause 5, Article 97 of the Treaty on the EAEU that enables the Member States’ citizens, who are individual entrepreneurs, to determine the period of temporary stay in accordance with the declared period of individual entrepreneurship if reporting to state authorities of the country of employment.

To address this issue, it is proposed to:

» develop a road map of an integrated system of digital unification for the Union’s citizens;

» develop a list of public services, that are important to the society and give access to workers via the services portal.

5. Temporary migration solutions adopted by the Member States in connection with the spread of the new coronavirus infection

Due to the difficult situation caused by measures to prevent the spread of coronavirus, many workers in the EAEU Member States happen to find themselves in trouble as they cannot return to their homeland.

In the current environment, the governments of the Member States have taken a number of steps to regulate the legal status of the Member States’ citizens in the countries of stay.

Republic of Armenia

According to the decision of the Interdepartmental Commission for the Coordination of Works to Prevent the Spread of Coronavirus, the period of stay of foreign citizens has been extended until the end of the state of emergency. Upon the end of the state of emergency, all foreign citizens will be given a twenty-day period to leave the country or to draw up the necessary documents for further stay in the territory of the Republic of Armenia.

Republic of Kazakhstan

In accordance with Resolution No. 574 of the Government of the Republic of Kazakhstan dated September 11, 2020, the period of stay for foreign citizens is extended until November 1, 2020.

The following documents that have expired or will expire from March 16 to November 1, 2020 are recognized as valid:

» entry and departure permits (visas);

» temporary and permanent residence permits;
permits for immigrant workers and employers to attract foreign labor;

» certificates of asylum seekers.

For foreigners who have no visa, the period of stay in the Republic of Kazakhstan is extended for the above-mentioned period.

For foreigners who have a residence permit in the Republic of Kazakhstan and are currently abroad, calculation of the period of stay outside the republic has been suspended and will be resumed on November 1.

Until November 1, 2020, foreign citizens and host parties who violate the period of stay shall be exempt from administrative liability.

**Kyrgyz Republic**

In accordance with Resolution No. 256 of the Government of the Kyrgyz Republic dated May 19, 2020 “On providing identity documents to citizens of the Kyrgyz Republic, foreign citizens, and stateless persons”, the registration period for foreign citizens is extended for a period of the state of emergency.

Upon the end of the state of emergency, foreign citizens and stateless persons who have expressed a desire to extend their stay in the territory of the Kyrgyz Republic will be able to renew their registration within 10 working days.

**Russian Federation**

In accordance with Decree No. 274 of the President of the Russian Federation dated April 18, 2020 “On temporary measures to resolve the legal status of foreign citizens and stateless persons in the Russian Federation due to the threat of the further spread of the novel coronavirus (COVID-19)”, Decree No. 392 of the President of the Russian Federation dated June 15, 2020 “On Amendments to Decree No. 274 of the President of the Russian Federation dated April 18, 2020 “On temporary measures to resolve the legal status of foreign citizens and stateless persons in the Russian Federation due to the threat of the further spread of the novel coronavirus (COVID-19)”, in the Russian Federation, temporary migration measures have been established and foreign citizens have been given the opportunity to stay in the Russian territory legally.

These measures apply to all citizens of the EAEU States.

If, in the period from March 15 to June 15, 2020, the following grounds for stay of the citizens of the EAEU States expire: residence without registration (30 days from the date of entry), registration (migration registration) or temporary or permanent residence permit, then these terms shall be automatically extended until December 15 of this year, without the need to visit territorial offices of the Ministry of Internal Affairs of Russia (according to subparagraph "a", paragraph 1 of the Decree).

If a citizen of the EAEU State has a temporary or permanent residence permit in Russia but is outside the country from March 15 to December 15, 2020, this period is not counted as being abroad (according to subparagraph "b", paragraph 1 of the Decree).

From March 15 to December 15, 2020, no decisions shall be made on deportation or administrative expulsion of citizens of the EAEU States for violating the legislation of the Russian Federation (in accordance with subclause b, clause 2 of the Decree).

Decisions on deportation or administrative expulsion made earlier (before March 15, 2020) shall be postponed but not cancelled (according to subclause c, clause 1 of the Decree).

of visas and invitations”, in accordance with which restrictions on travel outside the Russian Federation do not apply to citizens of the Russian Federation who also have other citizenship or a residence permit or other valid document confirming the right to a permanent residence in a foreign country, for a single trip from the Russian Federation to the place of permanent residence.

PROMISING INTEGRATION AREAS IN LABOR MIGRATION AND SOCIAL PROTECTION

Ongoing free movement of labor resources within the Union.

Promotion of employment of workers in the EAEU Member States.

Development of proposals for professional qualification of workers in the most popular occupations in the labor market in the Member States and the procedure for their verification.

Consideration of the issue on resolving the legal status of workers working in a Member State with the employer being incorporated in another Member State, in the legislation of the Union.

Development of unified approaches in legal regulation of new forms of labor relations.

Implementation of the Pension Agreement for Working Population of the EAEU Member States as part of transboundary cooperation between the Parties via the Union’s Integrated Information System.

Development of economic cooperation between the Parties in the field of healthcare and education as part of implementing the Strategic Directions for Developing the Eurasian Economic Integration until 2025, including:

» development and adoption of the Activity Program for Cooperation in the Field of Healthcare in Terms of Accessibility of Modern Healthcare Solutions for Citizens of the Member States;

» development of common approaches in medical assistance to workers and their family members in the EAEU Member States;

» considerations with regards to organizing and holding international forums devoted to topical healthcare issues to facilitate access to best practices and specialized knowledge; development of medical rehabilitation centers on a cooperative basis using advanced technologies; applying international experience to combat tobacco, alcohol and drug addictions;

» development of efficient mechanisms to support and finance joint initiatives and cooperative projects in the field of healthcare, in particular, scientific research and implementation of innovative solutions to prevent, diagnose and treat infectious diseases using the tools offered by international financial development institutions that operate in the Union;

» implementation of joint projects aimed at assisting in increasing the scientific and practical potential as well as a talent pool to diagnose, prevent and respond to infectious diseases with epidemic potential by the Member States;

» interaction on the exchange of scientific data about new types of infectious agents as well as conducting joint scientific research in the field of development of innovative approaches to prevent, diagnose and treat infectious diseases;

» development of efficient mechanisms of transboundary interaction of medical and epidemiological services of the EAEU Member States to combat the spread of socially dangerous diseases (tuberculosis, HIV, and infections transmitted primarily through sexual activity);

» consideration of the minimum standard range of medical services as part of free medical aid to workers of the EAEU Member States and their family members in the country of employment;
consideration of possibility to use telemedicine technologies to expand access of the population to highly qualified specialists outside the State of permanent residence and conduct online case conferences of medical specialists;

» cooperation in the field of high-tech medical care for citizens;

» consideration of the issue of placing official materials about public education documents on specific portals on the Internet (education documents equivalent to public ones), as well as on academic and professional rights of holders of these documents;

» development of the mechanism of remote verification of education documents issued to migrant workers by educational institutions (educational organizations);

» consideration of the need for consistent convergence of qualifications of various specialists in the EAEU Member States, including medical, pedagogical, legal and pharmaceutical education to enhance the efficiency of the EAEU labor market;

» analysis of comparability of education systems and programs of the EAEU Member States in order to develop recommendations aimed at improving the labor market and services;

» development of cooperation in the field of ongoing medical and pharmaceutical education using modern learning technologies between the Member States.
INFORMATION ON THE NUMBER OF WORKERS IN THE REPUBLIC OF KAZAKHSTAN, PEOPLE

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<th>Republic of Belarus</th>
<th>Kyrgyz Republic</th>
<th>Russian Federation</th>
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INFORMATION ON THE NUMBER OF WORKERS IN THE KYRGYZ REPUBLIC, PEOPLE

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<td>2013</td>
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<tr>
<td>370 (max)</td>
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INFORMATION ON THE NUMBER OF WORKERS IN THE RUSSIAN FEDERATION, PEOPLE

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<tr>
<td>512,432 (max)</td>
<td>264,135 (max)</td>
<td>163,410 (max)</td>
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Sources:
Migration Service (Ministry of Territorial Administration and Infrastructure of the Republic of Armenia);
Ministry of Internal Affairs of the Republic of Belarus;
**Ministry of Internal Affairs of the Republic of Kazakhstan;
State Migration Service under the Government of the Kyrgyz Republic (no data after the Kyrgyz Republic acceded to the Union); Ministry of Internal Affairs of the Russian Federation.