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We consider the EAEU as the platform for development of the mutually beneficial and predictable relations of our countries. Of course, Armenia’s membership represents some peculiarities such as absence of a common border with other EAEU Member States. However, this will hinder Armenia’s integration into the single transport system being established in our common economic area.

The president of the Republic of Armenia
Serzh Sargsyan

Our mutual aim is gradual elimination of restrictions and exceptions followed by establishment of single markets in all possible sectors, including transport. We consider that introduction of a common market for transport services is one of the most important prerequisites for our countries’ goods to be competitive on the internal and external markets.

The President of the Republic of Belarus
Alexander Lukashenko

In light of current events EAEU is becoming a key element in the restoration of the Great Silk Road – a new milestone in the development of the mutually reinforcing partnership between West and East. Connecting the EAEU – SCO horizontal transport links and the BRICS vertical transport links will facilitate major growth in trade.

The President of the Republic of Kazakhstan
Nursultan Nazarbayev

The authorities of the Kyrgyz Republic support the idea of joint partnership between the «Silk Road Economic Belt» project and the EAEU and are ready to participate in developing a «roadmap». We believe this would provide a good opportunity for mutual development and benefit to all participating countries.

The President of the Kyrgyz Republic
Almazbek Atambayev

Together we are building a substantial centre for economic development. The EAEU geographical position facilitates introduction of transport and logistics routes of both regional and global significance. This is a key factor for our mutual competitiveness and dynamic development in a rapidly changing and complex world.

President of the Russian Federation
Vladimir Putin
Dear readers,

Transport is a vital sector of the economy of each state. Its development largely determines accessibility, quality of life and living standards, mobility, freedom of movement of goods and services, and foreign trade.

The Eurasian Economic Union (hereinafter the EAEU, the Union) recognizes significance of transport integration achieved by gradual liberalisation of transport services between Member States.

On the territory of the Union of more than 20 million square kilometres with the population of over 182 million there are:

- 1.6 million kilometres of road;
- 105,000 kilometres of railways (46% electrified);
- 107,500 kilometres of inland waterways in use;
- 793,500 kilometres of air routes.

Based on principles of fair competition, transparency, security, reliability, accessibility and sustainability the Treaty on the Eurasian Economic Union of May 29, 2014 provides for coordinated (agreed) transport policy to ensure economic integration and consistent and gradual introduction of Common Transport Area.

Actual achievements in transport integration are:
- transport (road transport) control has been transferred to the external border of the Union;
- unified (domestic) cargo railway tariffs of Member States and conditions for their application in transit have been enacted;
- cargo railway tariffs ranges have been enacted;
- principles of access to railway infrastructure of Member States have been defined;
- international carriage of goods by road (between the Member State of registration and another Member State, in transit, between other Member States) functions on a permit basis.

On May 8, 2015 Program of Gradual Liberalisation of Cargo Transportation Carried out by Carriers Registered on the Territory of one of the EAEU Member states and the Commission are actively working on Main Directions and Implementation stages of the Coordinated (Agreed) Transport Policy of the Eurasian Economic Union. Its implementation would ensure introduction of a Common Transport Market and establishment of a Common Transport Area, resulting in reduction of delivery time, transport costs, increase of mobility and transport accessibility, elimination of «bottlenecks», and facilitation of economic attractiveness of the Union for transit flows.

The establishment of the «Western Europe – Western China» international road corridor, alongside the launch of the United Transport and Logistics Company would create a land link connecting Europe and Asia and providing full range of competitive transport and logistics services.

We recognise the importance of the implementation of objectives set by Heads of States concerning the joint partnership between the Eurasian Economic Union and the «Silk Road Economic Belt» project in the field transport and infrastructure. «Eurasian Transcontinental Corridor», a new high-speed multimodal transport route, is to become a key element of the revived Silk Road. This project is expected to be established in performance of the «Nurly Zhол» economic policy which was declared by the President of Kazakhstan, Nursultan Nazarbayev. The fulfilment of the project would be based on the following principles: higher speed, better service, lower costs, safety and stability.

Another essential element of the Eurasian economic integration is ensuring the accessibility of services provided by natural monopoly entities. Since 2013 the Commission has been working on the List of acts of Member States of the Customs Union and Common Economic Space regulating natural monopoly entities that are subject to harmonisation, while determining appropriate measures. This brochure embraces the provisions of the Treaty on the Union concerning transport, infrastructure and natural monopolies, as well as analytical and statistical information assessing the Union transport capacity and overviewing the stages of Eurasian transport integration and regulatory functions of the Commission.

I truly believe that transport integration processes in our countries have exceptional potential. Its fulfilment would ensure gradual economic development of the Union Member States and introduction of an efficient transport system into the Eurasian continent.
TRANSPORT POTENTIAL OF THE EURASIAN ECONOMIC UNION
The growth of transport potential driven by constructing and modernising roads, railways, airports, sea – and riverports, developing inland waterways, and introducing cutting-edge transport technology plays a great role for the EAEU Member States.

The share of transport in gross value added in the EAEU is about 8% and gross fixed capital formation – more than 1/5.

In the EAEU from 2010 to 2014 the cargo turnover for all types of transport (excluding pipelines) increased by 13% to 3 107 billion tonne-kilometres, while passenger turnover grew by 29% to 785 billion passenger-kilometres.

In the EAEU in the period from January to September 2015 turnover of all modes of transport (excluding pipelines) decreased by 2.3% and amounted to 2 295 billion tonne-kilometres and passenger turnover fell by 2% and amounted to 580 billion passenger-kilometres when compared to the same period in 2014.

In the EAEU from 2010 to 2014 the volume of cargo transportation by all types of transport (excluding pipelines) increased by 15% to 10.7 billion tonnes, and the volume of the carriage of passengers grew by 21.5% to 36.2 billion passengers.

In the EAEU from January to September 2015 comparing to the same period 2014, the volume of cargo transportation by all types of transport (excluding pipelines) decreased by 4.4% to 7.4 billion tonnes, and the volume of the carriage of passengers decrease by 0.8% to 27.4 billion passengers.
Transport routes of the Eurasian Economic Community, including transport directions:

- «North – South»
- «South – West»
- «West – East»
- «Asia – Europe»

The international transport corridor «Western Europe – Western China»

Major logistics centres of the EAEU Member States

Northern Sea Route
On October 10, 2000 the Heads of States of the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation and the Republic of Tajikistan signed a Treaty on the Establishment of the Eurasian Economic Community aimed at establishment of the Customs Union and Common Economic Space and providing for effective functioning of the Common Services Market and development of Common Transport System.

On June 22, 2011 the Heads of Governments of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation signed an Agreement on Conducting Transport (Road Transport) Control on the External Border of the Customs Union defining common approaches to the control of international carriage of goods by road transport.

On July 1, 2011 the Customs Union began functioning. Coordinated types of state control determined by Member States, including transport (road transport) control, were transferred to the external border of the Customs Union.

In 2010 in order to create the Common Economic Space legal framework, the Heads of States of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation adopted 17 basic agreements, including the Agreement on Uniform Regulation Principles and Rules for Activities of Natural Monopolies Entities and the Agreement for Regulating Access to Rail transport services, including tariff policy framework.

On January 1, 2012 these agreements entered into force, and a permanent regulatory body of the Customs Union and Common Economic space – the Eurasian Economic Commission began functioning.


Further stages of integration in natural monopolies and transport are embodied in section XIX «Natural Monopolies» and Section XXI «Transport» of the Treaty on the Union.

On May 8, 2015 the Heads of Member States of the Union approved the Program of Gradual Liberalisation of Cargo Transportation Carried out by Carriers Registered on the Territory of one of the EAEU Member States between Points Located on the Territory of Another EAEU Member State for the Period from 2016 to 2025.

By the end of 2015 the Agreement on Navigation is planned to be submitted to the EAEU bodies.

The Main Directions and Implementation Stages of the Coordinated (Agreed) Transport Policy of the Eurasian Economic Union are being drafted. The paper is scheduled to be adopted by the end of 2016.
**Eurasian Economic Community**

- Treaty on the Establishment of the Eurasian Economic Community
- Agreement on Concerned Implementation of Formation and Development of the Eurasian Economic Community Transport Corridors
- List of transport routes of the Eurasian Economic Community
- Concept of Establishment of the Common Transport Space of the Eurasian Economic Community
- Decision of the Heads of States on the Establishment of the Common Transport Space
- Treaty on the Creation of the Common Customs Territory and Establishment of the Customs Union
- Agreement on Uniform Regulation Principles and Rules for Activities of Natural Monopolies Entities
- Agreement for Regulating Access to Rail transport services, including tariff policy framework
- Full-scale work of the Customs Union since July 1, 2011
- Agreement on Conducting Transport (Road Transport) Control on the External Border of the Customs Union
- Treaty on the Eurasian Economic Commission
- Main Directions and Implementation Stages of the Coordinated (Agreed) Transport Policy of the Eurasian Economic Union

**Customs Union**

- Treaty on the Establishment of the Eurasian Economic Community
- Agreement on Uniform Regulation Principles and Rules for Activities of Natural Monopolies Entities
- Agreement for Regulating Access to Rail transport services, including tariff policy framework
- Full-scale work of the Customs Union since July 1, 2011
- Agreement on Conducting Transport (Road Transport) Control on the External Border of the Customs Union
- Treaty on the Eurasian Economic Commission
- Treaty on the Eurasian Economic Union of May 29, 2014, enters into force

**Common Economic Space**

- Common Economic Space begins functioning
- Fundamental agreements adopted Common Economic Space in 2010 enter into force

**Eurasian Economic Union**

- Eurasian Economic Union begins functioning on January 1, 2015
- Program of Gradual Liberalisation of Cargo Transportation Carried out by Carriers Registered on the Territory of one of the EAEU Member States between Points Located on the Territory of Another EAEU Member State for the Period from 2016 to 2025
- Agreement on Navigation

**Main Directions and Implementation Stages of the Coordinated (Agreed) Transport Policy of the Eurasian Economic Union**
Decision-making bodies of the EAEU in transport and natural monopolies

Supreme Eurasian Economic Council
(Heads of States)

Eurasian Intergovernmental Council
(Heads of Governments)

Eurasian Economic Commission
(Permanent regulatory body of the EAEU)

Council
(Deputy Heads of Governments)

Board of the EEC
(Equal representation of the Member States)
Chairman of the Board of the EEC
Members of the Boards (Ministers)

Member of the Board –
Minister in charge of Energy and Infrastructure

Transport and Infrastructure Department

Consultative Committee for Transportation and Infrastructure

Subcommittee for road transport
Subcommittee for water transport
Subcommittee for civil aviation
Subcommittee for railway transport
Subcommittee for infrastructure and logistics

Consultative Committee for Natural Monopolies

www.eurasiancommission.org
THE FUNCTIONS OF THE EURASIAN ECONOMIC COMMISSION
IN TRANSPORT AND NATURAL MONOPOLIES ARE:

- developing proposals on economic integration in road, railway, air and water transport and
natural monopolies
- developing proposals for legislation harmonisation of the Union Member States
- providing drafting and adoption of international treaties and legal acts of the Union law
- monitoring implementation of the Coordinated (Agreed) Transport Policy by the Member
States
- coordinating work on identification and elimination of exemptions, limitations and barriers to
the functioning of the internal Union transport market
- monitoring the performance of treaties and the Union legal acts by the Member States
- assessing the regulatory impact of the draft Union legal instruments
- interacting with the Member States public authorities regarding transport, infrastructure and
natural monopolies
- assisting the Member States in dispute settlement within the Union prior to applying to the
Court of the Union
- investigating violations of railway cargo tariff changes within marginal levels (price caps)
- adopting decisions on expanding the Member States natural monopolies spheres
- conducting comparative analysis of the Member States regulation of natural monopoly entities
- promoting harmonisation in natural monopolies regulation regarding environmental issues and
energy efficiency
- promoting international cooperation
- facilitating the work of consultative bodies
One of the key elements of the Treaty on the Eurasian Economic Union is Section XXI «Transport». Transport is the driving force of our daily life; therefore its development, safety and security determine the level of country’s economic development, living and social standards.

Section «Transport» includes Articles 86 and 87 governing the following:

- principles, objectives and priorities of the Coordinated (Agreed) Transport Policy
- objective and priorities of the Main Directions and Implementation Stages of the Coordinated (Agreed) Transport Policy of the Eurasian Economic Union
- application of the provisions of the Treaty on the EAEU regarding different transport modes
- cooperation of the Member States in the field of transport

How are transport issues regulated by the treaty on the EAEU?

Procedure, conditions and stages of transport services market liberalisation shall be determined by treaties within the Union.

The Eurasian Economic Commission monitors application of Section XXI «Transport».
The Union shall conduct coordinated (agreed) transport policy aimed at economic integration, consistent and gradual establishment of a Common Transport Area.

Common Transport Area means a range of transport systems of Member States providing for free movement of vehicles, passengers and cargo as well as vehicle compatibility based on the harmonised transport legislation of Member States.

Member States shall develop coordinated (agreed) transport policy.

The Main Directions and Implementation Stages of the Coordinated (Agreed) Transport Policy of the Eurasian Economic Union are supposed to be approved by the Supreme Eurasian Economic Council by the end of 2016.
COORDINATED (AGREED) TRANSPORT POLICY

PRINCIPLES

- Competitiveness
- Transparency
- Security
- Reliability
- Accessibility
- Green technology

OBJECTIVES

- Establishment of Common Market of Transportation Services
- Adoption of agreed measures ensuring mutually beneficial conditions and introduction of best practices in transport
- Integration of transport systems of Member States into the global transport system
- Efficient use of transit potential of Member States
- Improvement of transport services quality
- Transport safety
- Reduction of negative effects of transport on the environment and human health
- Attraction of foreign investment

PRIORITIES

- Formation of a Common Transport Area
- Establishment and development of Eurasian Transport Corridors
- Fulfillment and development of the Union transit potential
- Coordination of transport infrastructure development
- Establishment of logistics centres and transport organisations ensuring optimisation of carriage
- Attraction of the Member States workforce
- Science and innovation in transport

COORDINATED (AGREED) TRANSPORT POLICY
APPLICATION AND ITS EFFECTS

ECONOMY

- Ensuring long-term sustainable economic development
- Increasing transport services share in GDP
- Ensuring cargo flows growth in mutual and foreign trade by providing better transport services
- Performing major transport infrastructure projects
- Creating new industries and jobs

POPULATION

- Improving mobility and transport accessibility
- Improving reliability and quality of transport services
- Reducing negative impact of transport on human health
- Ensuring transport tariffs transparency

BUSINESS COMMUNITY

- Reducing transport costs
- Creating competitive environment on the Common Transport Market
- Ensuring fair access to the transport market
- Developing multimodal logistics centres
- Developing multimodal transport
- Harmonising transportation rules and conditions
- Introducing long-term tariffs policy to transport services
ROAD TRANSPORT

ANNEX 24 TO THE TREATY ON THE EAEU INTRODUCES THE FOLLOWING INTEGRATION TRENDS IN ROAD TRANSPORT:

- drafting proposals on gradual liberalisation of road cargo transport
- adopting agreed elimination measures on restrictions (barriers) affecting international road transport and road transport market of the Union
- fulfilling the Program of Gradual Liberalisation of Cargo Transportation Carried out by Carriers Registered on the Territory of one of the EAEU Member States between Points Located on the Territory of Another EAEU Member State for the Period from 2016 to 2025
- establishing common approaches to conducting transport (road transport) control on the external border of the Union
- developing information exchange
TRANSPORT (ROAD TRANSPORT) CONTROL ON THE EXTERNAL BORDER OF THE UNION

Annex 1 to the Protocol on the Coordinated (Agreed) Transport Policy (Annex 24 to the Treaty on the Union) underlines the Procedure for the transport (road transport) control on the external border of the EAEU.

HARMONISATION OF THE LEGISLATION, METHODS AND TECHNOLOGIES OF TRANSPORT (ROAD TRANSPORT) CONTROL ON THE EXTERNAL BORDER OF THE UNION IS TO BE PERFORMED BY:

- harmonising rules on maximum weights and dimensions for vehicles circulating on public roads within international transport corridors
- establishing a payment control system for vehicle passage on public roads of another Member State
- developing a system of resolving disputes that involve carriers of third countries
- introducing rules on return (detention) of vehicles violating requirements for international road transport on the EAEU territory

TO PERFORM THE PROCEDURE TRANSPORT (ROAD TRANSPORT) CONTROL AUTHORITIES SHALL:

- exchange information resulting from transport (road transport) control
- manage and exchange information from the database of in-transit vehicles circulating from the territory of one Member States to the territory of another Member State

PROGRAM OF ROAD CABOTAGE LIBERALISATION

Program of Gradual Liberalisation of Cargo Transportation Carried out by Carriers Registered on the Territory of one of the EAEU Member States between Points Located on the Territory of Another EAEU Member State for the Period from 2016 to 2025 was approved by a Decision of the Supreme Eurasian Economic Council on May 8, 2015.

The aim of the Program is to facilitate the access for the EAEU road freight transport to the Common Transport Market, regardless of nationality or the state of registration.

The objective of the Program is to establish a roadmap for the Member states to gradually remove restrictions in road freight cabotage.

Performance of the Program is expected to reduce transport share in consumer costs, cut down the number and distance of empty runs and promote fair competition on the EAEU Common Transport Market.

Member States along with the Commission would annually assess the functioning of the Common Transport Market and consider the possibility of opening domestic transport markets, including road freight cabotage.

In case of negative effects of road freight cabotage in the regions of operation the Commission and Member States would hold consultations on the adoption of protection measures.
**EAEU MEMBER STATES REGIONS OF ROAD FREIGHT CABOTAGE: FIRST AND SECOND STAGES OF PROGRAM APPLICATION**

<table>
<thead>
<tr>
<th>Region</th>
<th>Regions of road freight cabotage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Republic of Armenia</td>
<td>Aragatsotn, Lori, Tavush</td>
</tr>
<tr>
<td>The Republic of Belarus</td>
<td>Gomel, Mogilev, Vitebsk Regions</td>
</tr>
<tr>
<td>The Kyrgyz Republic</td>
<td>Talas, Issyk-Kul, Chuy Regions</td>
</tr>
<tr>
<td>The Russian Federation</td>
<td>Rostov Region, Stavropol Territory, the Republic of North Ossetia – Alania, Bryansk, Pskov, Smolensk Regions, Orenburg, Chelyabinsk, Novosibirsk Regions</td>
</tr>
</tbody>
</table>

*The Republic of Kazakhstan accedes to the Program on the fourth stage.

**STAGES OF PROGRAM APPLICATION**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Allowed cabotage operations</th>
<th>Number of days required for cabotage</th>
<th>Regions of road freight cabotage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st stage (2016–2017)</td>
<td>1</td>
<td>Three days after the international carriage from a country outside the Union has been carried out</td>
<td>In the passing direction on the territories of certain regions</td>
</tr>
<tr>
<td>2nd stage (2018–2019)</td>
<td>1</td>
<td>Seven days after the international carriage from a country outside the Union has been carried out</td>
<td>In the passing direction to the territories of certain regions</td>
</tr>
<tr>
<td>3rd stage (2020–2024)</td>
<td>1</td>
<td>Seven days after the international carriage has been carried out</td>
<td>In the passing direction to the territories of any region</td>
</tr>
<tr>
<td>4th stage (from 2025)</td>
<td>3</td>
<td>Seven days after the international carriage has been carried out</td>
<td>To the territory of any region</td>
</tr>
</tbody>
</table>

**INDICATORS OF ROAD TRANSPORT OF THE EAEU IN 2014**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Republic of Armenia</th>
<th>The Republic of Belarus</th>
<th>The Republic of Kazakhstan</th>
<th>The Kyrgyz Republic</th>
<th>The Russian Federation</th>
<th>The EAEU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public roads, thousand km</td>
<td>7.8</td>
<td>101</td>
<td>97</td>
<td>34</td>
<td>1 396</td>
<td>1 635.8</td>
</tr>
<tr>
<td>Cargo vehicles, thousand</td>
<td>15</td>
<td>414</td>
<td>569</td>
<td>115</td>
<td>6 235</td>
<td>7 348</td>
</tr>
<tr>
<td>Cargo turnover, billion t</td>
<td>0.5</td>
<td>27</td>
<td>155</td>
<td>1.3</td>
<td>247</td>
<td>430.8</td>
</tr>
<tr>
<td>Passenger traffic, billion kkm</td>
<td>2.5</td>
<td>9.8</td>
<td>215</td>
<td>8</td>
<td>127.4</td>
<td>362.7</td>
</tr>
<tr>
<td>Cargo transportation, million t</td>
<td>5.4</td>
<td>196</td>
<td>3 129</td>
<td>27</td>
<td>5 414</td>
<td>8 771.4</td>
</tr>
<tr>
<td>Passengers carried, billion passengers</td>
<td>0.2</td>
<td>1.3</td>
<td>21.2</td>
<td>0.6</td>
<td>11.5</td>
<td>34.8</td>
</tr>
<tr>
<td>Quantity of IMVCPs on the external border of the Union</td>
<td>4</td>
<td>25</td>
<td>18</td>
<td>6</td>
<td>120</td>
<td>173</td>
</tr>
</tbody>
</table>

1 Including traffic by self-employed carriers.

2 IMVCP – International Motor Vehicle Crossing Points.
AIR TRANSPORT

ANNEX 24 TO THE TREATY ON THE EAEU PROVIDES FOR THE GRADUAL ESTABLISHMENT OF A COMMON AIR TRANSPORT MARKET BASED ON THE FOLLOWING PRINCIPLES:

- ensuring correspondence of treaties and legal acts of the Union with the provisions of international air law
- harmonising the Member States legislation with the provisions of international air law
- introducing fair competition
- facilitating fleet renewal, modernisation and development of the airport ground infrastructure in line with the requirements and recommendations of the International Civil Aviation Organisation (ICAO)
- ensuring flight safety and security
- ensuring non-discriminatory access of aviation companies of Member states to their infrastructure
- launching of new routes between Member States

INDICATORS OF AIR TRANSPORT OF THE EAEU IN 2014

<table>
<thead>
<tr>
<th></th>
<th>The Republic of Armenia</th>
<th>The Republic of Belarus</th>
<th>The Republic of Kazakhstan</th>
<th>The Kyrgyz Republic</th>
<th>The Russian Federation</th>
<th>The EAEU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airways, thousand km</td>
<td>2.3</td>
<td>20</td>
<td>80.7</td>
<td>3.5</td>
<td>687</td>
<td>793.5</td>
</tr>
<tr>
<td>Airline companies</td>
<td>7</td>
<td>29</td>
<td>56</td>
<td>17</td>
<td>116</td>
<td>225</td>
</tr>
<tr>
<td>International airports</td>
<td>2</td>
<td>7</td>
<td>11</td>
<td>4</td>
<td>70</td>
<td>94</td>
</tr>
<tr>
<td>Cargo turnover, mln tkm</td>
<td>2</td>
<td>65</td>
<td>49</td>
<td>83</td>
<td>5 152</td>
<td>5 351</td>
</tr>
<tr>
<td>Passenger turnover, bln pkm</td>
<td>0.3</td>
<td>3.1</td>
<td>10.6</td>
<td>2.2</td>
<td>241.4</td>
<td>257.6</td>
</tr>
<tr>
<td>Cargo transportation, thousand t</td>
<td>10.4</td>
<td>40.9</td>
<td>19.6</td>
<td>0.2</td>
<td>1 300</td>
<td>1 371.1</td>
</tr>
<tr>
<td>Passengers carried, mln passengers</td>
<td>2.1</td>
<td>2.0</td>
<td>5.4</td>
<td>1.2</td>
<td>93.2</td>
<td>103.9</td>
</tr>
</tbody>
</table>
WATER TRANSPORT

ANNEX 24 TO THE TREATY ON THE EAEU PROVIDES FOR THE ESTABLISHMENT OF WATER TRANSPORT (INLAND WATERWAYS AND SEA TRANSPORT) LIBERALISATION BASED ON THE FOLLOWING:

- harmonisation of water transport legislation of Member States
- drafting proposals on water transport liberalisation and establishment of Common Water Transport Market
- ships flying the Member States flags are entitled to free (non-permit) passage on the inland waterways of other Member States under the Agreement on Navigation

The Agreement provides for free (non-permit) passage of ships flying the Member States flags on the inland waterways of other Member States and treatment no less favourable than that accorded to domestic ships.

THE AGREEMENT ON NAVIGATION IS APPLIED TO:

- carriage and towing on neighbouring inland waterways
- transit passage on inland waterways
- transportation between Member States

The draft Agreement on Navigation is to be submitted to the EAEU bodies by the end of 2015.

INDICATORS OF WATER TRANSPORT OF THE EAEU IN 2014

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Republic of Armenia</th>
<th>The Republic of Belarus</th>
<th>The Republic of Kazakhstan</th>
<th>The Kyrgyz Republic</th>
<th>The Russian Federation</th>
<th>The EAEU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inland waterways, thousand km</td>
<td>–</td>
<td>1.6</td>
<td>4.2</td>
<td>–</td>
<td>101.7</td>
<td>107.5</td>
</tr>
<tr>
<td>River vessels</td>
<td>–</td>
<td>655</td>
<td>659</td>
<td>75</td>
<td>22 700</td>
<td>24 089</td>
</tr>
<tr>
<td>River ports</td>
<td>–</td>
<td>10</td>
<td>2</td>
<td>–</td>
<td>115</td>
<td>127</td>
</tr>
<tr>
<td>Sea vessels (ships)</td>
<td>–</td>
<td>7</td>
<td>89</td>
<td>–</td>
<td>2 769</td>
<td>2 865</td>
</tr>
<tr>
<td>Sea ports</td>
<td>–</td>
<td>–</td>
<td>2</td>
<td>–</td>
<td>67</td>
<td>69</td>
</tr>
<tr>
<td>Cargo turnover, mln tkm</td>
<td>–</td>
<td>50</td>
<td>2 495</td>
<td>3</td>
<td>103 733</td>
<td>106 281</td>
</tr>
<tr>
<td>Passenger turnover, mln pkm</td>
<td>–</td>
<td>3</td>
<td>1.2</td>
<td>–</td>
<td>570</td>
<td>574.2</td>
</tr>
<tr>
<td>Cargo transportation, thousand t</td>
<td>–</td>
<td>3 758</td>
<td>4 925</td>
<td>15</td>
<td>134 191</td>
<td>142 889</td>
</tr>
<tr>
<td>Passengers carried, mln passengers</td>
<td>–</td>
<td>0.3</td>
<td>0.1</td>
<td>–</td>
<td>20</td>
<td>20.4</td>
</tr>
</tbody>
</table>
RAILWAY TRANSPORT

ANNEX 24 TO THE TREATY ON THE EAEU INTRODUCES THE FOLLOWING INTEGRATION TRENDS IN RAILWAY TRANSPORT:

- gradual establishment of a Common Market of Railway Transport
- compliance of Member State carriers with the infrastructure access rules of another Member State
- ensuring consumer access to the domestic railway transport service within Member States
- determining the procedure and rules for the provision of certain railway transport services
- Commission’s decisions upon the consumer claims against railway transport organisations breaching the rules on cargo tariff changes
- establishing common approaches to the requirements for issue of railway safety certificate
- monitoring uniform tariffs (export, import and domestic tariffs) for the carriage of goods by railway
- Coordinated (Agreed) Tariff Policy for the transit carriage of goods from the territory of one Member state through the territory of another Member State to a third country and in the opposite direction, as well as transit carriage of goods from a third country to another third country through the territory of Member States

BASIC PRINCIPLES OF THE ESTABLISHMENT OF CARGO RAILWAY TARIFFS

Cargo railway tariffs are established in accordance with Member States legislation and treaties to differentiate tariffs according to the following principles

- compensation of costs related to services rendered
- ensuring tariffs transparency and possibility of future reviewing
- ensuring open process when setting tariffs
- adopting harmonised approach to the cargo list determination

RAILWAY TARIFFS APPLICATION IN TRANSIT WITHIN THE UNION

- Cross-border carriage within the Union
- Export/Import to/from third countries via ports
- Export/Import to/from third countries via border points
- Transit (from third to another third country)

The Republic of Armenia
The Republic of Belarus
The Republic of Kazakhstan
The Kyrgyz Republic
The Russian Federation

Member States unified tariff
CIS tariff policy
GENERAL PRINCIPLES OF RAILWAY INFRASTRUCTURE ACCESS

In adjacent areas of infrastructure access is granted and based on:

- equality of requirements to carriers taking into account technical and technological capabilities within the capacity of infrastructure
- adoption of Common Price (Tariff) Policy for carriers
- «queue discipline» for carrier access to the infrastructure in case of limited infrastructure capacity in accordance with the standard train timetable

INFRASTRUCTURE SERVICES ACCESS PROVISIONS

1. Infrastructure service provider approves and publishes technical specification of infrastructure sections
2. Carriers submit applications
3. Infrastructure service provider considers applications
4. Approval of train timetable
5. Conclusion of contracts for provision of services

UNITED TRANSPORT AND LOGISTICS COMPANY

United Transport and Logistics Company (UTLC) JSC was established on November 13, 2014 by the public railway companies of Russia, Belarus, and Kazakhstan.

MAIN OBJECTIVES OF UTLC:

- creating of common logistics within EAEU
- increasing the competitiveness of the EAEU logistic system in the world
- transport integration within EAEU
- development of the international «West-East» transport corridors
- time and cost reduction of cargo carriage

Currently UTLS shares portfolio comprises shares of subsidiaries of JSC RZHD such as PJSC TransContainer and JSC RZD Logistics.
UTLC is being gradually established to be united in a single transport and logistics business:

- More than 7,000 employees
- 3,280 carriages in operation
- 71,200 ISO containers
- 600 sales offices throughout the Eurasian continent
- 67 cargo terminals, 1 of them at border crossings
- 4 temporary storage warehouses
- 869 own fleet of cargo vehicles
- 4 train ferries
- More than 233 units of loading equipment

Currently the UTLC group of companies collectively provides transport and logistics services amounting:

- Container cargo – more than 1.7 mln TEUs per year
- Terminal container processing – more than 1.6 mln TEUs per year
- Terminal bulk freight processing – more than 3 mln tons per year
- Transport forwarding – more than 40 mln tons per year

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**Indicators of Railway Transport of the EAEU in 2014**

<table>
<thead>
<tr>
<th></th>
<th>The Republic of Armenia</th>
<th>The Republic of Belarus</th>
<th>The Republic of Kazakhstan</th>
<th>The Kyrgyz Republic</th>
<th>The Russian Federation</th>
<th>The EAEU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routes in use, thousand km</td>
<td>0.8</td>
<td>5.5</td>
<td>15.3</td>
<td>0.4</td>
<td>86.3</td>
<td>108.3</td>
</tr>
<tr>
<td>Electrified routes, thousand km</td>
<td>0.8</td>
<td>1</td>
<td>4.2</td>
<td>–</td>
<td>43.3</td>
<td>49.3</td>
</tr>
<tr>
<td>% of total</td>
<td>100</td>
<td>18</td>
<td>28</td>
<td>–</td>
<td>50</td>
<td>46</td>
</tr>
<tr>
<td>Trains</td>
<td>124</td>
<td>828</td>
<td>1,941</td>
<td>53</td>
<td>17,914</td>
<td>20,860</td>
</tr>
<tr>
<td>Cargo carriages, thousand</td>
<td>1.6</td>
<td>32.5</td>
<td>128.7</td>
<td>1.7</td>
<td>1,066.5</td>
<td>1,371</td>
</tr>
<tr>
<td>Passenger carriages, thousand</td>
<td>41</td>
<td>1,642</td>
<td>2,413</td>
<td>430</td>
<td>23,193</td>
<td>27,719</td>
</tr>
<tr>
<td>Cargo turnover, bln tkm</td>
<td>1</td>
<td>45</td>
<td>214</td>
<td>1</td>
<td>2,298</td>
<td>2,559</td>
</tr>
<tr>
<td>Passenger turnover, bln pkm</td>
<td>0.1</td>
<td>7.8</td>
<td>28</td>
<td>0.1</td>
<td>128.6</td>
<td>164.6</td>
</tr>
<tr>
<td>Cargo transportation, mln t</td>
<td>3.0</td>
<td>141.4</td>
<td>275.4</td>
<td>1.5</td>
<td>1,375</td>
<td>1,796.3</td>
</tr>
<tr>
<td>Passengers carriage, mln passengers</td>
<td>0.4</td>
<td>91.6</td>
<td>34.4</td>
<td>0.3</td>
<td>1,076</td>
<td>1,202.7</td>
</tr>
</tbody>
</table>
In Autumn 2013, Chinese President Xi Jinping announced the launch of «Silk Road Economic Belt» (SREB) project. The main objective of the project is cooperation in trade, transport and investment.

Currently the Commission is carrying out work on its merger with the Eurasian Economic Union which was approved by the presidents of the EAEU Members States and the Chinese President.

In the field of transport solutions to the following tasks are expected:

- reinforcing interaction in logistics, transport infrastructure and intermodal transportation;
- implementing infrastructure development projects to expand and modernise regional production networks.

Supreme Eurasian Economic Council, therefore, has ruled that the Commission together with Member States shall organise the identification of specific projects and areas of cooperation for the road map.

Joint partnership between the EAEU and SREB streamlines creation of modern systems of international logistics centres and hubs on major international transport corridors passing the territory of Eurasia: Western Europe—Western China, North–South, East–West and Northern Sea Route.

These plans may be supplemented by meridian transport links passing Mongolia and Kazakhstan and connecting Siberia with central and western regions of China and countries of Central and South Asia.

In practice the functioning and development of international transport corridors involves coordinated policy aimed at the elimination of administrative, technological, technical and economic burdens within a single corridor by harmonisation, standardisation and planning.

For EAEU Member States SREB provides an inflow of investment in transport infrastructure modernisation of which would strengthen mutual trade between the countries of the Union and increase their investment attractiveness. In the long term it would drive growth in other economic sectors.

EAEU countries intend to include SREB project into its own economic development program. In particular the new economic policy entitled «Nurly Zhol» announced by the President of the Republic of Kazakhstan Nursultan Nazarbayev in November 2014 is largely synchronised and based on the development plans of SREB, an important element of which would be a new high-speed multimodal transport route – Eurasian Transcontinental Corridor.

The cornerstone of the «Nurly Zhol» program is the country’s infrastructure development plan, aimed at increase in capacity of its transportation facilities and further development of transport and logistics system. This program would be implemented through the establishment of macro regions based on hubs. This infrastructure would connect the macro-regions with Astana by interconnected highways, rail and airlines on a radial principle.
TRANSPORT

SILK ROAD ECONOMIC BELT: CARGO TRAFFIC

EAEU and «Silk Road Economic Belt» project: joint partnership
In terms of integration and cooperation state-regulated natural monopolies demonstrate significant potential and play an important role in increasing the economic attractiveness of multilateral trade relations.

Section XIX «Natural Monopolies» of the Treaty on the EAEU provides the legal basis for the formation and establishment of the common principles and general rules for the regulation of natural monopolies, ensuring accessibility of services rendered by natural monopoly entities and keeping the balance of interests of consumers and producers.

A natural monopoly means a services market state when creation of a competitive environment to meet the demand for a particular type of services is not possible or is not economically feasible due to specific technological features of these services.

Access to services of natural monopoly entities means services provision by natural monopoly entities of one Member state to consumers of another Member state on terms no less favourable than those provided for similar services to consumers of the first Member state when technically feasible.

A natural monopoly entity means an economic entity providing services in the field of natural monopolies defined by the Member states legislation.

List of legal acts of Member states of the Customs Union and Common Economic Space on regulation of natural monopolies that are subject to harmonisation was approved by the supreme Eurasian Economic Council on December 24, 2013. It defines harmonisation stages of Member states legislation on natural monopolies, as well as on transfer and (or) distribution of electric power, oil transportation and railway transport services. This work is intended to be completed by the end of 2016.

The natural monopolies roadmap of the Common Economic Space by industrial sectors was approved in 2013. Member states fulfilled the introduced measures in 2014.

A comparative analysis of regulation of natural monopolies, including issues of energy efficiency, has been carried out by the Union and Member States authorities annually since 2012.

Harmonisation of Member States legislation on natural monopolies entities has resulted in introduction of prerequisites for further market liberalisation and development. This, in turn, would reduce costs, improve products competitive positions and introduce a free market.
Currently, there are significant differences in the tariff methodology in natural monopolies, including tariff regulation approaches and tariff structure.

On October 7, 2014 the Board of the Commission addressed these issues by recommending a Uniform Tariff Methodology in Natural Monopolies that comprises general principles of tariff regulation methodology and accounting in all sectors of natural monopolies.

METHODOLOGY APPLICATION AIMS AT:

- creating a blueprint for natural monopolies regulation reconciling approaches of the Union Member States
- establishing transparent tariff methodology based on a recommended list of costs considered when the tariffs are set
- eliminating barriers to Common Services Market
- ensuring equal rights of consumers of natural monopolies entities
- controlling tariffs growth for services of natural monopolies entities
International activities of the EAEU are defined in Article 7 of the Treaty on the Eurasian Economic Union. The EAEU is entitled to exercise international activities aimed at addressing potential challenges, cooperate with states, international organizations, international integration associations and sign treaties with them independently or jointly with Member States.

INTERNATIONAL COOPERATION IN TRANSPORT, INFRASTRUCTURE AND NATURAL MONOPOLIES IS CARRIED OUT BY THE COMMISSION WITHIN THE FRAMEWORK OF MEMORANDUMS SIGNED WITH:

- structural departments of the United Nations (UN Economic Commission for Europe (UNECE), United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the United Nations Conference on Trade and Development (UNCTAD))
- Interstate Aviation Committee (IAC)
- Executive Committee of the Commonwealth of the Independent States
- International Road Transport Union (IRU)

Memorandum of Understanding between the Eurasian Economic Commission and the Organisation for Cooperation between Railway (OSJD) is supposed to be signed soon.

Collaboration with representatives of international state authorities and organisations of third countries make use of their experience in the regulation in the field of transport, drafting and implementation of transport policy as well as delivery of infrastructure projects.
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