Dear colleagues,

The Main Directions of Industrial Cooperation within the framework of the Eurasian Economic Union (EEU) are the first, but, I’m sure, not the last strategy of cooperation between our countries in the field of industry.

It’s a strategic document in industrial policy of the EEU that has a systemic vision and defines the goals, objectives, key areas of industrial cooperation in the medium term for the next 5 years, as well as tools and mechanisms that the members of the EEU will use to improve the efficiency of industrial policy.

The main focus is made on innovative modernization of industrial facilities, creation of new value chains for production of competitive industrial goods, in which there is a demand on the domestic market and in third countries.

The Main Directions include the gradual formation of integrated innovation infrastructure such as the Eurasian net-
work of technology transfer, technological platforms, clusters, centres of engineering.

Our plans also include creation the conditions for the Industry's digital transformation of EEU that will facilitate the transition to the digital economy.

I believe that the implementation of the Main Directions will provide the basis for joint innovation and technological progress in the industries of our countries in the nearest future.

The Member of the Board —
Minister in charge of Industry and Agro-Industrial Complex
Sergey Sidorskiy

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GENERAL PROVISIONS
The Main Directions of Industrial Cooperation within the framework of the Eurasian Economic Union (the Main Directions, or MDIC) were developed in accordance with Article 92 «Industrial policy and cooperation» of the Treaty on the Eurasian Economic Union of May 29, 2014 (Article 92 of the Treaty, the Union, the EAEU).

The Main Directions shall represent a middle-term document valid for 5 years and define the directions and forms of cooperation, the principles of cooperation, priority industries, sensitive goods, objectives, tasks and mechanisms of cooperation of the Member States using the cooperation instruments and mechanisms, as defined in Article 92 of the Treaty.

The Main Directions shall be defined in the mid-term on the basis of:

- the feasibility of the extension of the industrial cooperation for the purpose of encouraging the growth of industrial production and output of the joint products;
- current trends in the development of the world economy and the EAEU economy, including the economy of certain Member States, in order to enhance the sustainable industrial development of the Member States;
- potential effective and mutually beneficial cooperation aimed at removal of existing barriers, increase of the competitiveness and innovation activities, extension of the industrial cooperation, implementation of join investment projects and export development measures.

The Main Directions shall be taken into consideration while developing and implementing policies relating to trade, customs, competition, state procurement, business development, transport, infrastructure and other spheres.

The Member States of the EAEU (the Parties) shall ensure the industrial cooperation in the Main Directions, which includes the priority economic activities and sensitive goods. The Parties may collaborate within the industrial development by using the following instruments if needed:

- cooperation in respect of the list of sensitive goods;
- implementation of joint programs and projects designed to enhance the efficiency of the industrial cooperation;
- implementation of joint programs for the development of priority economic activities towards the industrial cooperation;
- information exchange with regard to planned industrial development.
1. Current industrial development of the EAEU Member States

In 2014, there were 495.3 thousand companies, which provided employment to 15.3 million persons (19% of total number of persons employed in the economies of the Member States), in the industry of the EAEU Member States. The industrial products output in the EAEU was USD 1,318 billion (16.1% increase compared to 2008), USD 304 billion were invested in the development of major industrial capital, gross value added (GVA) reached USD 555.8 billion, the total contribution of the industrial sector to the GDP of the EAEU Member States amounted to 25.4%. In 2014, the labour productivity in the industrial sector of the EAEU Member States in terms of added value reached USD 36.2 thousand per average employee which amounts to about 55% of the labour productivity in the EU states. In 2014, the share of the added value in the industrial products output in the EAEU Member States amounted to 42.1%.

Country-specific industry of the EUEA: the Russian Federation generates 87% of the industrial products output and 85% of the GVA industrial output; the Republic of Kazakhstan generates 7.4% and 10.7%, respectively; the Republic of Belarus generates 5.0% and 3.7% respectively; the Republic of Armenia generates 0.3% and 0.4% respectively; the Kyrgyz Republic generates 0.3% of the industrial products output and 0.2% of the GVA industrial output of the Member States.

Processing industry with 64.8% share in the total industrial products output of the Member States prevails in the sectoral composition of the EAEU industry, while the share of extractive industry amounts to 25.1%, the share of other industries amounts to 10.1% of the industrial products output. The following medium technology industries prevail in the composition of processing industry: production of coke, petroleum products and nuclear materials; food production; metallurgy and metal products manufacturing. In 2014, the total mutual trade in products of processing industry of the EAEU Member States amounted to USD 45 billion, which is 5.3% of its overall production within the territory of the EAEU.
1. Current industrial development of the EAEU Member States

1.1. Industrial development in the Republic of Armenia in 2008-2014

According to the information for 2014, there are 2.7 thousand companies, which employ 83.5 thousand persons (7.1% of total number of persons employed in the economy), operating in the industrial sector in Armenia. From 2008 onwards, the number of persons employed in the industrial sector increased by 3.5%, while the labour productivity in terms of the added value per employee reached USD 24 thousand in 2014, thus showing 56.6% rise compared to 2008. The amount of foreign investments in the real economy of the Republic of Armenia in 2014 was USD 2,017.7 billion, of which USD 840.9 billion were the foreign direct investments (17.3% and 7.2% of the GDP respectively).

In 2014, the industrial output in the Republic was USD 3.1 billion. The goods export, the most of which are the industrial products, was USD 1.5 billion, while the negative balance of trade was USD 2.9 billion.

In 2014, the GDP was USD 11.6 billion, with 35.9% increase in real terms (35.7% increase in USD terms) compared to 2008. The industrial sector amounted to 17.3% of total amount of the national GDP.

In 2008-2014, the industrial sector of the Republic grew by 34.4% in comparable prices. And it was in 2010-2012 when the development of industrial production sped up and the production output rose by 10% every year. Then, in 2014, there was a slight slowdown of the development down to 2.7% growth. In terms of the industrial activities, the industrial production increased, as compared to 2008: by 92% in the mineral industry; by 30.2% in processing industry; by 9.8% in the electric power, gas, steam and conditioned air supply; by 21.9% in the water supply.

Within the period under consideration, the minor composition changes took place in the industry sector of the Republic: the share of the processing industry decreased from 68.9% in 2008 to 65.6% in 2014; while the share of extractive industry increased from 12.6% to 15% by contrast; the share of the production of electric power, steam, gas and water increased from 18.5% to 19.4%.

The following industries account for the biggest share in the composition of the processing industry: food, beverage and tobacco production – 58.5% (defines industry specialization of the industrial sector in the Republic); metallurgy – 20.3%; mineral production – 6.6%; mechanical engineering – 3.1%.

In its foreign trade, Armenia follows the multi-vector foreign economic policy, in particular, trading with the EAEU Member States accounts for 24.1% of the Republic’s foreign trade turnover. Russia holds the largest amount (USD 1.4 billion) and the largest share (96%) in the trade turnover of Armenia. In 2008-2014, the share of Russia in the total trade turnover with all the states increased from 19.7% to 23.2%. The shares of other EAEU Member States in the total trade turnover of Armenia are not significant and in 2014 they amounted to: the Republic of Belarus – 0.8%, the Republic of Kazakhstan – 0.1%; the Kyrgyz Republic – 0.1%. In 2014, the total balance of trade with the EAEU Member States was negative and amounted to USD 716.8 million.

The main exported products are: food and beverage products, mineral products, base metals and base metal products, precious metals and gemstones and precious metal and gemstone products.

The main imported products are: oil and petroleum products, machinery and equipment, food products, transport vehicles.

1.2. Industrial development in the Kyrgyz Republic in 2008-2014

According to the information for 2014, 1.9 thousand companies, which employ 145 thousand people (6.3% of total number of
people employed in the economy), operate in the industrial sector in the Kyrgyz Republic. In 2008-2014, the number of people employed in the industrial sector decreased by 31.3%, while the labour productivity in terms of the added value per employee reached USD 8 thousand. In 2014, USD 1,972.4 billion (26.6% of the GDP, which is 9.3 percent points more compared to 2008) were invested in the major industrial capital, of which USD 799.9 million (10.8% of the GDP) were foreign direct investments.

In 2014, the industrial output in the Kyrgyz Republic was USD 3.1 billion, which is 51.2% more compared to 2008. The share of added value in the industrial products output amounted to 37%. Development of the metallurgy industry was the main driver of the industrial growth.

Export of goods, the most of which are industrial products, was USD 1.6 billion (53% of the industrial products output), while the negative balance of foreign trade was USD 4.3 billion.

In 2014, the GDP of the Kyrgyz Republic was USD 7.4 billion, with 35% increase in real terms (44% increase in USD terms) compared to 2008. The industrial production affects to a great extent both the level and behaviour of the national GDP, as it amounts to 15.6% of the total GDP.

In 2008-2014, the industrial sector grew by 21.3% in comparable prices. High rates of economic growth in 2010 and 2011 (109.8% and 111.9%, respectively) were followed by a major slowdown in 2012 (79.8%), then by new phase of growth in 2013 (134.3%) and relative slowdown in 2014 (98.4%). In terms of the industrial activities, the growth of industrial production, as compared to 2008, was: 209.0% in the mineral industry; 86.4% in the processing industry; 78.3% in the electric power, gas, steam, conditioned air and water supply.

Within the period under consideration, the minor composition changes took place in the industry sector of the Kyrgyz Republic: the share of the mining industry increased from 2.1% in 2008 to 3.5% in 2014; the share of the production of electric power, steam, gas and water decreased from 15.7% in 2008 to 14.8% in 2014; the share of the processing industry decreased from 82.3% in 2008 to 81.7% in 2014.

The following industries account for the biggest share in the composition of the processing industry: metallurgy and metal products production – 58.8% (defines industry specialization of the industrial sector in the Republic); food production – 16.7%; light industry – 4%.

In its foreign trade, the Kyrgyz Republic follows the multivector policy and trades with 149 countries all over the world. In 2014, trading with the EAEU Member States reached USD 2,986.9 million, which accounts for 40.5% of the Republic’s foreign trade turnover, including 29.8% in exports and 43.6% in imports.

Exports of goods to the States of the Customs Union was USD 489.9 million (29.8% in the total exports of the Republic), of which 73.7% of goods were exported to Kazakhstan (apparel and clothing accessories, vegetables and fruits, ores and precious metal concentrates, rolled glass, milk and milk products), 25% of goods were exported to Russia (rolled glass, raw cotton, tobacco and tobacco products, lamps, apparel, meat and meat products), 1.3% of goods were exported to Belarus (mainly car parts and accessories), less than 0.1% of goods were exported to Armenia (machinery and equipment).

In 2014, imports of goods from the EAEU Member States was USD 2,497.1 million, including the goods imported from Russia in the amount of USD 1,842.1 million (oil and petroleum products, cast iron and steel products, wood products, vegetable oils, grains and grain products), the goods imported from Kazakhstan in the amount of USD 563.3 million (natural gas, grains and grain products, coal, tobacco and tobacco products, cast iron and steel products, fertilizers raw materials, beverages), the goods imported from Belarus in the amount of USD 91.3 million (sugar, tractors, tyres,
The Main Directions of Industrial Cooperation within the framework of the Eurasian Economic Union

home appliances, grains and grain products), the goods imported from Armenia in the amount of USD 0.2 million (beverages, pharmaceutical products).

In 2014, the total balance of trade with the EAEU Member States was negative and amounted to USD 2,007.3 million.

1. Current industrial development of the EAEU Member States

1.3. Industrial development in the Republic of Belarus in 2008-2014

In 2014, in the Republic of Belarus there were 13.7 thousand registered companies1 (24.7% of the total number of people employed in the economy), with 35.6% of the production assets of the whole economy concentrated there, 26.9% of the national GDP was generated; exports of industrial products accounted for 92% of the total Republic’s exports of goods. In 2008-2014, the ratio of goods exported from the Republic to the industrial production output was about 55-60%.

In 2014, the total industrial production output was USD 65.9 billion, the gross value added was USD 20.5 billion. In 2014, USD 8.03 billion or USD 8.1 thousand per average employee were invested in the production assets. The depreciation of production assets was reduced from 57.5% in 2008 to 40.3% in 2014, and the share of innovative products was increased to 14.2%, due to the aggressive investment policy in the industrial sector.

In 2008-2014, the industrial production output in the Republic increased by 21.2% in comparable prices (by 17% in terms of USD), while the GVA of the industrial sector was increased by 20.4%, and the production ratio of output to materials input was decreased by 2.7% in current prices. In 2014, the labour productivity in terms of added value reached USD 20.7 thousand per average employee, and it increased by 27.7% compared to 2008. The Republic’s industrial sector shows a low rate of return (7.7%) because the processing industry prevails in the industrial composition and because of high production ratio of output to materials input. In 2014, the share of the gross value added in the industrial products output was 31.1% with 1.6 percent point rise (29.5%) compared to 2008. In 2014, the ratio of imports of goods to GDP decreased to the ratio of 2008 (38.3%) and amounted to 32.2%.

Processing industry prevails in the composition of industrial production in the Republic with 89.8% share. The share of extractive industries is 1.5% and it steadily decreases due to the exhaustion of oil resources. Within the period under consideration, the share of the production of electric power, steam, gas and water was quite steady and amounted to 7.7-8.7% of the production output. In the medium term, the share of this industry sector will increase due to the commissioning of the Astravets nuclear power plant in 2019. The growth and dynamics of the industrial production in Belarus are driven by the following four industries: food production (23.6%), production of petroleum products (16.2%), mechanical engineering (14.6%), chemical industry (9.9%).

The main developments in the industrial composition in 2008-2014 took place in the processing industry: the share of food production increased (from 16.7% to 23.7%)2 are involved in cooperation with production companies in Russia. The most common are imports of materials, spare parts and semi-finished products from Russia (37.2%), 26.7% of companies are involved in the exports of goods to Russia within the framework of the cooperation, 10.5% of the companies are involved in the processing of Russian customer owned raw materials. 2.2% of the companies established joint ventures in Russia. The following industries enjoy cooperation the most: mechanical engineering, production of rubber and plastic products, textile and apparel manufacturing, production of leather products

1 Average number of people employed in the industrial sector.

2 According to the survey of Belarusian production companies.
1. Current industrial development of the EAEU Member States

1.4. Industrial development in the Republic of Kazakhstan in 2008-2014

According to the information for 2014, 11.8 thousand companies, which employ 1.1 million people (12.8% of total number of people employed in the economy), operate in the industrial sector in Kazakhstan. From 2008 onwards, the number of people employed in the industrial sector increased by 49%, while the labour productivity in terms of the added value per employee reached USD 55.1 thousand in 2014, thus showing 27% rise compared to 2008. In 2014, about USD 19.5 billion were invested in the major industrial capital, while the foreign direct investments accounted for 1.8% of the GDP (1.6% in 2008). In 2014, the industrial output in the Republic was USD 103.2 billion, while the share of added value in the industrial products output was 58.1% with 14.1 percent point rise compared to 2008. Exports of goods, most of which are industrial products, amounted to about USD 78.2 million, while the positive balance of trade was USD 37.2 billion.

The industrial sector of the Republic of Kazakhstan shows high rate of return (rate of return was 35.1% in 2013) because of the significant share of highly efficient mining industries (with rate of return of 62%). In 2013, the rate of return in processing industries was 8.5%, which is the same rate as in processing industries of other EAEU Member States.

In 2014, the GDP was USD 216 billion, with 30.1% increase in real terms (62% increase in USD terms) compared to 2008. The industrial production defines the level and dynamics of the national GDP and generates the most of it, in particular 27.8% of the total amount.

In 2008-2014, the industrial sector grew by 20.8% in comparable prices (MFO). High rates of economic growth in 2010 (109.6%) were followed by gradual slowdown, and in 2014 the growth rate was 100.4%. In terms of the industries, the volume index, as compared to 2008, was: 20.0% in the mineral industries; 24.2% in extractive industries; 20.4% in the electric power, gas, steam and conditioned air supply; water supply saw production decrease by 28.4%.

Within the period under consideration, the minor composition changes took place in the industry sector of the Republic: the share of the mining industries decreased from 61.1% in 2008 to 59.7% in 2014; the share of the production of electric power, steam, gas and water increased from 5.2% in 2008 to 6.9% in 2014; the share of processing industries remained the same at the level of 32.9%, while the share of processing industries in terms of added value increased from 36.6% to 37%.

The following industries account for the biggest share in the composition of processing industries: metallurgy – 31.4%; mechanical engineering – 14.9% (with prevailing production of motor
The Main Directions of Industrial Cooperation within the framework of the Eurasian Economic Union

1. Current industrial development of the EAEU Member States

1.1. Current industrial development of the Republic of Russia

The trade with the EAEU Member States accounts for about 18% of the foreign trade turnover of the Republic. Russia holds the largest amount (USD 19 billion) and the largest share in the trade turnover of Kazakhstan with the EAEU Member States. In 2008-2014, the share of Russia decreased from 18.3% to 15.8%, with its maximum level of 18.4% in 2011. The shares of other EAEU Member States in the total trade turnover of Kazakhstan are not significant and in 2014 they amounted to: the Republic of Belarus – 0.6%, the Republic of Armenia – 0.01%, the Kyrgyz Republic – 0.9%. In 2014, the total balance of trade with the EAEU Member States was negative and amounted to USD 8.9 billion.

The main exported products are: crude oil and crude petroleum products; natural gas (in gas state); natural uranium and its compounds; cathodes and cathode ingots of refined rough copper; ferrochrome; wheat and meslin; ores and copper concentrates; ores and iron concentrates; rough unalloyed zinc.

In 2008-2014, there were 27 new products with detected comparative advantages developed in Kazakhstan: rape seeds and sunflower seeds, vegetable oil, pastry, gypsum, pipes and tubes, radiators for central heating system, copper matte, non-refined copper and copper products, zinc powders, railway locomotives, etc.

1.5. Industrial development in the Russian Federation in 2008-2014

According to the information for 2014, 452 thousand companies, which employ 13 million people (19.3 % of total number of people employed in the economy), operate in the industrial sector in Russia. From 2008 onwards, the number of people employed in the industrial sector decreased by 7.4%, while the labour produc-

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Within the period under consideration, the minor composition changes took place in the industry sector of Russia:
the share of extractive industries decreased from 68.3% in 2008 to 66.2% in 2014;
the share of production of electric power, gas and water decreased from 10.4% in 2008 to 10.3% in 2014;
the share of mining industries increased from 21.3% in 2008 to 23.4% in 2014;

The following industries account for the biggest share in the composition of manufacturing industries: production of coke and petroleum products – 25.5%, mechanical engineering – 20% (including production of transport vehicles and equipment – 10.2%, production of electronic and optical equipment – 5.6%, production of machinery and equipment – 4.2%), food production – 16.3%, metallurgy – 15%.

The trade with the EAEU Member States accounts for about 8% of the foreign trade turnover. At the end of 2014, exports from the Russian Federation to the EAEU Member States was USD 36.4 billion, and imports to the Russian Federation was USD 19.3 billion. The Republic of Belarus holds the biggest share in the trade turnover between the Russian Federation and the EAEU Member States, which is 56.5%. The trade turnover between the Russian Federation and the Republic of Kazakhstan accounts for 37.7% of the total trade turnover, the trade turnover between the Russian Federation and the Kyrgyz Republic accounts for 3.3%, and the trade turnover between the Russian Federation and the Republic of Armenia accounts for 2.5%. The total balance of trade between the Russian Federation and the EAEU Member States is positive and amounts to USD 17.1 billion.

The main exported products are: mineral products, machinery, equipment and transport vehicles, metals and metal products, chemical products.

2. PRIORITIES OF THE INDUSTRIAL DEVELOPMENT OF THE EAEU MEMBER STATES
The common market of products of manufacturing industries in the EAEU Member States has certain high-capacity segments that may be used to accelerate the mid-term industrial development in the States.

The following segments of the Common Market have the higher capacity: transport vehicles and equipment – USD 118.1 billion (13.8% of the market capacity); machinery and equipment – USD 83.5 billion (9.8%); metallurgy products – USD 109.1 billion (12.8%); electrical, electronic and optical equipment – USD 85.3 billion (10.0%); chemical products – USD 70.6 billion (8.3%); rubber and plastic products – USD 30.2 billion (3.6%); non-metal mineral products – USD 40.7 billion (4.8%); textile products and apparels – USD 21.3 billion (2.5%). In the aggregate, the above segments account for 65% of the Common Market capacity.

In 2014, the sale of products of the EAEU Member States in its national markets accounts for 65.4% of the Common Market capacity, with dominant position in the following segments:
- non-metal mineral products (84.7% of the segment capacity);
- wood products (69.4%);
- food products (80.6%);
- cellulose and paper products (74.8%);
- metallurgy products (74.7%);
- products of other manufacturing industries (77.3%).

Exports of goods of processing industries of the EAEU Member States account for slightly less than 4.6% of the Common Market capacity showing that the industrial and production cooperation between the States is low. The biggest share in its industry segment is held by:
- exports of wood processing products (8.0% of the industry segment);
- cellulose and paper products (9.3%);
- leather, leather products and footwear (7.1%).

2. Priorities of the industrial development of the EAEU Member States

The above industries have low and medium technology level 3 and they use the raw material resources of the EAEU Member States.

Exports of goods amount for a significant share in the following industry segments of the Common Market: machinery and equipment (5.7%); rubber and plastic products (5.2%); textile products and apparels (4.6%). At the same time, the share of the exports of the following products are low (below average) in the segments of the Common Market: chemical products; electrical, electronic and optical equipment; metallurgy products; transport vehicles and equipment.

In view of the above, the following segments of the Common Market currently have the highest potential for industrial cooperation: segment of vehicles; segment of electrical equipment, optics and electronics; segment of chemical industry; segment of metallurgy and metal products.

The constantly growing share of the exports in the capacity of the Common Market (from 4.3% in 2011 to 4.6% in 2014), its resistance to the decrease in the capacity of the Common Market in 2014, means that there is a potential for increasing the supplies to each other within the framework of improving the interstate production cooperation and developing production facilities for new kinds of products.

The Member States shall jointly define high-priority economic activities where the development of industrial cooperation will ensure conditions for: the increase of the industrial production and supplies in all the Member States; making better use of the potential of the Common Market, including the one in the segment of government procurement, and achieving the synergy effect in the development of the industrial cooperation between the States.

3 The technology level is indicated in accordance with the OECD classification.
2.1. Priorities of the industrial development of the Republic of Armenia


According to the Strategy, the most rapidly developing industries in Armenia are mineral production and non-ferrous metallurgy, food production, pharmacology, textile and jewellery production. Armenia has exceptional opportunities in such industries as information technology, light industries, chemical industry, biotechnology, mechanical engineering, instrumentation engineering, electrical engineering and production of construction materials.

The Government of the Republic of Armenia declared building of knowledge-based economy to be its long-term strategic task when developing industries with high export potential in order to enhance the economic competitiveness and ensure sustainable economic growth. The industrial policy shall be aimed at transforming Armenia into the state that offers knowledge-intensive and high-value products and services produced by efforts of creative human resources.

The long-term objective of its export-oriented industrial policy is to develop new industries that would drive the economy, through the further extension of current export-oriented industries and industries with high export potential, and through the improvement of regulatory framework for business activities, elimination of trade barriers, modernization of infrastructure, enhancement of competitiveness of Armenian products and attraction of foreign investing.

This policy is focused on 11 industries, in particular on: wine making, cognac production, diamond processing, watch production, textile industry, biotechnology, pharmacology, canned food production, production of bottled mineral water, juice production and precision engineering. To develop diversified export industries, the initial attention will be focused on the industries that have growth potential, established export markets and the largest exports volume in recent years, as these industries have goods prospects for substantial increase of production output and do not require significant investments (for example, telecommunication technologies, tourism, healthcare, education, agriculture, etc.).

Then the focus will be shifted to the development of those industries that showed rapid growth in recent years however did not exceed the exports of 10 billion, and to the development of «smart» and knowledge-intensive industries. The relevant policy will be aimed at boosting attraction of investments, addressing the system problems and development of production and export potential.

At the moment, the policy is implemented in two high-priority directions:

- the development of business environment that would be favourable for improving the labour productivity;
- provision of private industrial companies with supplementary instruments.

The reforms aimed at creation of the most business-friendly environment in the region include the following:

- increasing accountability of the government, improving quality of public services, ensuring more efficient work of tax authorities, and conduct of audit and control in view of the risks;
- simplification of export and import procedures through the modernization of business processes, and improvement of market and services quality;
- implementation of e-government systems; simplification of the procedure for construction licensing;
acceleration of judicial proceedings;
provision of sustainable access to funding;
acceleration of property registration procedures;
simplification of bankruptcy procedure;
protection of intellectual property rights and support provided to Armenian exporters in foreign markets in terms of protection of intellectual property rights.

One of the most effective ways to boost labour productivity is to attract foreign direct investments. Foreign direct investments do not only provide funding, they are also an important source of new technologies, management approaches, know-how, they provide access to new markets. The initiatives portfolio will be designed to bring leading multinational companies to Armenia to ensure funding for specific industries. The primary focus will be laid on engaging leading technological companies.

The objectives are expected to be attained through the following measures:

- full implementation of risk-based control system in the tax and customs activities;
- revocation of the requirement to calculate and charge VAT for industrial devices and equipment on the border;
- making use of free economic zones;
- establishment of laboratories and certified authorities in compliance with international standards;
- development of relevant regulations for quality control systems, development of the potential of supervising authorities and promotion of the systems implementation in companies;
- attracting leading multinational companies to the Armenian industries of high priority;
- development of the reliable export financial institution.

2. Priorities of the industrial development of the EAEU Member States

2.2. Priorities of the industrial development of the Kyrgyz Republic

The priorities of the industrial development of the Kyrgyz Republic are defined in the National strategy of sustainable development of the Kyrgyz Republic for 2013-2017, as approved by Decree of the President of the Kyrgyz Republic no.11 of January 21, 2013.

The main objective of the activities of state authorities for 2013-2017 will be development in Kyrgyzstan of the most favourable environment for national and foreign investors. The priority will be given to the development of mining industry, energy, tourism, agriculture, transportation, finance industry, as well as industries that are based on new and eco-friendly technologies.

The strategy provides that the Kyrgyz Republic shall succeed in gaining the energy independence and in becoming a large energy exporter over the longer term.

At the same time, the main stake is place on the development of hydropower industry.

Once the new electric power facilities are commissioned, the additional generation of cheap electric power will result in foundation of new companies, increase of production output and creation of new jobs in small and medium companies, as well as in the increased economic activities in the regions.

The main objective of the Strategy with regard to energy industry is to ensure the energy security of the Kyrgyz Republic and to develop its export potential.

This objective is expected to be achieved by fulfilling the following tasks:

- ensuring the stable and uninterrupted electric power supply particularly to domestic consumers;
- ensuring the implementation of well-balanced tariff policy that would cover the expenses of energy companies;
- reduction of both technical and commercial losses;
improvement of the finance and corporate management in energy industry, and strengthening of both commercial and finance discipline;
ensuring profitability of electric power industry;
development of competitive advantages of the Kyrgyz Republic in the regional energy market;
improvement of conditions for attracting investments in the hydropower projects.

The important national strategic industry is the mining industry which requires the authorities to provide conditions for the investment attractiveness of the development of natural resources of Kyrgyzstan.

The priority in the mining industry is placed on the development of gold mining, oil and gas extraction, uranium exploration and development of coal mining industry.

The objectives of the mining industry are:
an increase of the revenues in the mining industry by diversifying the production and integration in the international economy;
creation of favourable investment environment for all subsoil users irrespective of their incorporation type and country of origin; development of new mineral resources deposits and creation of new jobs;
adoption of the best mining technologies and prevention of the use of wasteful and environmentally hazardous mining techniques;
adoption of the state regulation mechanism aimed at balancing the interests of subsoil users, state and society.

The state policy with regard to the mining industry shall be aimed at balancing the interests of the state, investors and local communities.

2. Priorities of the industrial development of the EAEU Member States

In accordance with the Strategy, the above activities shall result in the practical protection of law-abiding investors by all the state authorities, including local authorities.

Other key directions of the industrial development are the enhancement of investment attractiveness, development of small and medium businesses, and contraction of the informal economy.

The Strategy provides for special importance attached to foreign direct investments (FDI) as they bring technologies and management practices, and provide access to new foreign markets.

With regard to small and medium businesses, the main objective is to ensure sustainable development of small and medium businesses through the creation of favourable conditions for enhancing their competitiveness.

The main strategic document concerning manufacturing industries of the Kyrgyz Republic is the Mining Industries Development Program of the Kyrgyz Republic for 2013-2015, as approved by Resolution of the Government of the Kyrgyz Republic no.133 of March 14, 2013.

The program defined the priority industries, including metalurgy and food processing, textile and apparel industries, production of other non-metal mineral products.

The objectives of the Program are:
assurance of the growth of production and exports of industrial products;
assurance of the competitiveness of the Kyrgyzstan industrial products in the markets of the Customs Union;
increase of the share of industrial products in the GDP;
creation of new jobs in the industrial sector;
protection of local producers, development of national market for certain industrial products;
increase of the industrial and technical know-how through attracting investors to the Kyrgyz Republic.
2.3. Priorities of the industrial development of the Republic of Belarus

The industrial policy of the Republic of Belarus is defined by a number of regulatory legal acts, which set forth the main directions for the development and their implementation.

The following documents define the main objectives, tasks and expected indices of the industrial policy of the Republic of Belarus in the mid-term: The Program of Industrial Sector Development of the Republic of Belarus for 2020; the Program of Social and Economic Development of the Republic of Belarus in 2016-2020 (the draft is currently being prepared); the industry-specific programs for five-year terms; the Forecast of Social and Economic Development of the Republic of Belarus for «a year plus two».

In accordance with the above documents, the main objectives of the social and economic development of the industrial sector of the Republic until 2020 are: development of competitive and innovative industrial sector aimed at creating high-efficient jobs and bringing the national labour productivity (in terms of added value) to the level of the EU States, increased manufacture of products that comply with the international standards and development of export potential.

The main tasks: priority development of export-oriented and high technology industries along with gradual reduction of production output in low-efficient industries, modernization of traditional specialization profiles and development of rational industrial structure on its basis in order to ensure the increase of labour productivity; quality enhancement of production potential, reduction of the production ratio of output to materials input and ratio of imports of goods to GDP; development of centres of technological excellence; ecologization of industrial production. Development of industrial and production cooperation with the EAEU partner States and increased use of the potential of the Common Market is defined as an individual direction.

2.4. Priorities of the industrial development of the Republic of Kazakhstan

The state industrialization policy is defined by Law of the Republic of Kazakhstan (the RK) no.534-IV of January 9, 2012, “On state support of industrial and innovative activities” (the Law), and by the State Program of Industrial and Innovative Development of the RK for 2015-2016, as approved by Decree of the President of the RK no.874 of August 1, 2014 (the State Program).

The Program provides for 14 high-priority manufacturing industries: ferrous metallurgy; non-ferrous metallurgy; oil refining; petrochemical industry; food production; agrochemistry; production of industrial chemicals; production of transport vehicles, their spare parts, components and engines; production of electric machinery and equipment; production of agricultural equipment; production of railway equipment; production of machinery and equipment for mining industry; production of machinery and equipment for oil refining and oil producing industries; production of construction materials.

In the above industries, the following directions and tasks were defined: in ferrous metallurgy – the increase of production of pipes, rolled products, alloys, the increase of level of processing of iron ore raw materials; in non-ferrous metallurgy – the increase of production and processing of primary aluminium and copper, while the state provides the deposits of natural resources without tender-
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ing as part of the measures of state support of mining and metallurgy industries; in production of railway equipment – the increase in local production of locomotives, passenger and freight rolling-stock; in production of transport vehicles – the increase of local production of Ssang Yong and Peugeot cars, implementation of full-cycle joint project to produce 120 thousand cars per year together with JSC AVTOVAZ; in production of agricultural equipment – the increase of existing local assembling of combine harvesters together with OJSC Gomselmash and OJSC Rostselmash, production of grain drilling and tillage machinery; in chemical industry – implementation of joint projects, using the funds of the EAEU Member States, to produce nitrogenous and phosphorated fertilizers, which will ensure the favourable conditions for cooperation and which will enable Kazakhstan producers to diversify their product range; in production of construction materials – the adoption of high-priority directions on development and modernization of water- and heat-insulated materials, finishing materials, is expected.

The Program defines the needs according to the priority activities and types of goods as per the Nomenclature CN of FEA for all the 14 high-priority industries both for the Republic of Kazakhstan and for the Common Market of the EAEU Member States.

The main directions, methods of achieving the Program objectives and relevant measures include the issues related to the improvement of investment environment, system-wide support measures for industrial development, cluster-based development approaches.

2.5. Priorities of the industrial development of the Russian Federation

The concept of long-term social and economic development of the Russian Federation until 2020, as approved by Resolution of the Government of the Russian Federation no.1662-p of November 17, 2008, stipulates that the top-priority industries in terms of knowledge application, employment and revenue generation in the next 10-15 years shall be the basic industries, transport, construction and agriculture. These are the industries where Russia have major competitive advantages. However, these are the industries with major development barriers and efficiency gaps.

Under these circumstances, fundamental Federal Law no.488-FZ of December 31, 2014 «On industrial policy in the Russian Federation», was designed to become a basis for the implementation of key instruments of industrial policy which were provided for in the program documents, classification of encouraging measures used in the industrial activities, definition of powers of state and local authorities in implementing the industrial policy.

The Federal Law regulates the relations between entities, which are involved in the industrial production, companies, which are a part of the support infrastructure of this activity, state authorities of the Russian Federation, authorities of constituent entities of the Russian Federation, local authorities, during the development and implementation of industrial policy in the Russian Federation.

In accordance with the Federal Law, the objectives of the industrial policy are the following:

development of high-technology and competitive industrial activities that ensure the transition of national economy from export- and resources-based development type to the innovative development type.

assurance of the defence and security of the state;

assurance of employment of the population and increase of living standards of the people of the Russian Federation.

The tasks of the industrial policy are the following:

to create and develop the existing industrial infrastructure and industrial support infrastructure that comply with the tasks and objectives as defined in the documents related to federal strategic planning;
creation of competitive conditions to perform industrial activities as compared to the conditions for the same activities within the territories of foreign states;
encouraging entities involved in industrial activities to implement the results of intellectual activities and master the production of innovative products;
encouraging entities involved in industrial activities to use rationally and efficiently the material, financial, labour and natural resources, to ensure the increase labour productivity, adoption of import-substituting, resource-saving and eco-friendly technologies;
increase of the production output of products with high added value and support of these products export;
support of technical upgrade of entities involved in industrial activities, modernization of major production facilities in view of the rate exceeding their ageing process;
reduction of the risk of man-made disasters in the facilities of industrial infrastructure;
ensuring technological independence of the national economy.

The key principles of the industrial policy are:
program and targeted method of preparing the strategic planning documents related to the industrial activities;
measurability of objectives of the industrial development and implementation of measures to support entities involved in industrial activities;
monitoring of efficiency of industrial policy and control of its implementation;
use of stimulation measures in the industrial sector to achieve the indicators and indices that are stipulated in the strategic planning documents;

2. Priorities of the industrial development of the EAEU Member States

coordination of stimulation measures in the industrial sector, which are taken by the state authorities of the Russian Federation, authorities of constituent entities of the Russian Federation, local authorities;
rational combination of types and methods of state regulation and free market economy, measure of direct and indirect stimulation of industrial activities;
provision of resources and their concentration for the development of high-priority industries; informational transparency in the development of industrial policy and use of stimulation measures in industrial activities in view of the security interest of the state;
provision of equal access to entities involved in industrial activities to the state support in accordance with the terms and conditions of this support;
integration of science, education and industrial activities;
consideration of interest of constituent entities of the Russia Federation during decision-making about operations and development of the military-industrial complex, in view of compliance with top-priority federal interests.

The industrial development of the Russian Federation will also comply with the State Program «Industrial development and enhancement of its competitiveness», as approved by Resolution of the Government of the Russian Federation no.328 of April 15, 2014.

The relevant industrial development programs are developed in the Russian Federation in accordance with the Federal Law and the State Program.
2.6. Challenges for the industrial development of the EAEU Member States

At the moment, the growing complexity of industrial production, products themselves, their designing, engineering, production management are among the global challenges for the industrial development.

One of the reasons why the industrial sectors of the EAEU Member States lag behind the developed countries in terms of labour productivity, calculated as GVA, is the deficient technology structure of industrial sectors.

The industrial sectors of the OECD States have a technology structure that is different from the one in the EAEU Member States, in particular: the high-technology sector accounts for 7-14% of industrial production. High-technology industries are a source of competitive for less technology-intensive industries, while the low-technology industries are a source of raw materials for other industries.

The share of high-technology industries in the industrial production of the EAEU Member States is 2-4%, which is three times less compared to the OECD States, and it results in lower competitiveness of their overall industrial sectors.

The growing complexity of industrial production is overcome through the development of engineering companies that handle the market research processes, search for prospective niche markets, development of 6D model of investment projects, technology transfers.

The pace of engineering the new products has increased in modern industrial production, while the time to implement new production models needs to be narrowed down to a few weeks, as there is a risk of copying the products. One of the main trends in global engineering is the shift to modular design of products where a smaller part is linked to the function, and then all the parts are assembled into a single product through a standard interface. The use of modular design reduces labour costs and the time required to test and certify a final product.

Lagging in the implementation of electronic systems of production processes management, adoption of modular design principle and use of flexible technology lines inevitably results in the loss of competitive advantages in the industrial sector. It is extremely important to arrange for the improvement of competence and skills related to the digital technologies, especially for decision makers in charge of the transition to digital economy. In view of the above, the EAEU Member States shall prepare the Eurasian digital platform for the development of the EAEU States. Moreover, the EAEU Member States shall actively create, both individually and jointly, the favourable environment for the establishment of innovative industries and development of the industrial and innovative infrastructure facilities, such as technology platforms and technology transfer networks.

The major economies have become committed to the policy of new industrialization: they relocate the production back to their countries, promote innovative development in high-technology industries, ensure the competitiveness through the increased energy production and alternative energy production (renewable energy resources).

To the EAEU Member States, the above trends imply major rise in quality competitiveness in the foreign markets, and obstacles in increasing the exports of non-primary products to third countries.

To address this challenge, the States shall join their efforts to reduce this technological gap and to develop exports of jointly produced goods to the markets of third countries, as well as to ensure cooperation in these markets.
3. Tasks and objectives of the industrial cooperation in the EAEU

The objective of the industrial cooperation within the framework of the EAEU is to succeed in exercising the potential for effective and mutually beneficial cooperation between the Member States, in order to accelerate and ensure the sustainable industrial development, enhance the competitiveness and innovative activity of the industrial sectors of the Member States.

The main directions and tasks of the industrial cooperation within the framework of the EAEU are:

- increase of growth rates and output of the industrial production in the EAEU Member States;
- promotion of cooperation;
- increase of products share of the Member States in the common EAEU market and aiming at the improvement of their localization;
- development of new competitive and export-oriented product manufacture, assurance of modernization (technical upgrade) of the existing production facilities and creation of new innovative industry sectors in the EAEU Member States;
- elimination of barriers in movement of industrial products in the common EAEU market on both federal (republic) and regional (local) levels;
- attraction of investments and improvement of the availability of funding for industrial companies.
4. DIRECTIONS AND INSTRUMENTS (MECHANISMS) OF THE INDUSTRIAL DEVELOPMENT WITHIN THE FRAMEWORK OF THE EAEU

4. Directions and instruments (mechanisms) of the industrial development within the framework of the EAEU

The Member States shall have the right to prepare joint action plans for the support of production companies of the Member States, including the support provided through the application of such instruments as government and corporate procurement, placement of long-term contracts, development and legal regulation of prospective types of mutually beneficial industrial cooperation and subcontracting, various finance support instruments, development of the industrial innovative infrastructure.

4.1. Increase of growth rates and output of the industrial production in the EAEU Member States

4.1.1. Eurasian network of industrial cooperation and subcontracting

The EAEU Member States shall take the following actions aimed at the creation of the Eurasian network of industrial cooperation and subcontracting:

- creation of the common information and search system and arrangement of the placement of orders in the industrial sectors (database of production companies and their products, production capacities and existing resources);
- establishing and running subcontracting exchanges (a platform used to find partners, run negotiations and sign preliminary agreements);
- provision of advisory support to production companies with regard to the search of cooperation partners.

The Eurasian network of industrial cooperation and subcontracting is a mechanism to establish cooperation between the production companies of the EAEU Member States, to involve small and medium companies in the production chains. The Eurasian network of industrial cooperation and subcontracting is based on the development and operations of national segments (national networks)
of industrial cooperation and subcontracting of the EAEU Member States.

The main tasks the Eurasian network of industrial cooperation and subcontracting are: streamlining production processes by placing orders for the development, production and service maintenance of industrial products with industrial companies; performance of the technology process with other companies in order to establish more efficient organizational structure of production facilities and making the best use of the production capacity.

The Commission, in cooperation with the Parties, shall develop a concept of the development and operations of the Eurasian network of industrial cooperation and subcontracting, while the Parties shall develop and establish its national segments, i.e. the national networks of industrial cooperation and subcontracting, on their own.

4.1.2 Encouraging investments in the industrial production.

By enhancing the Eurasian integration, developing the Common Market and Common Economic Space within the EAEU, the Member States provide conditions for improving the investment environment and increasing the funding of national industrial sectors through the following:

attraction of foreign investments, including mutual investments, to the industrial development;
attraction of credits (loans) provided by international financial institutions for the implementation of joint projects;
development of funding instruments for joint programs and projects that affect the cooperation.

The Member States, with advisory support of the Commission, shall ensure the enhanced cooperation with international financial institutions in order to expand the range of funding instruments for joint cooperation projects.

4.1.3. Funding of the priority directions and projects

The Eurasian Development Bank (the EDB) shall play a key role in funding projects that affect the cooperation within the framework of industrial cooperation of the EAEU Member States. And according to the Bank’s strategy, the share of these projects shall constantly grow.

The cooperative affect may be:
short-term, when the technological equipment is supplied for the implementation of investment projects, including the supplies through the use of leasing schemes;
long-term, when the investment project, that promotes sustainable relationship between the companies of the EAEU Member States, is implemented.

Each year, the EAEU Member States, guided by the Commission, shall prepare a list of directions for the cooperation to be funded by the Bank, and they shall submit it to the Council of the Bank for consideration.

4.2. Increase in products share of the Member States in the common EAEU market and improvement of its localization

4.2.1. List of technological operations

The Parties shall develop a regulation concerning the use of a mechanism for technological operations registration for de-
determining the jointly produced products, in order to level off the competitive conditions in the industrial sectors, to ensure the further development of the cooperation and to take joint support actions.

4.2.2. Development and implementation of joint measures to protect the EAEU market

The Member States, guided by the Commission, shall develop a set of agreed measures to protect the EAEU market against the counterfeit products.

When considering the appropriateness of signing and preparing draft agreements on free trade between the EAEU Member States and third countries, the provisions of the Main Directions of Industrial Cooperation and national programs of industrial development shall be considered with the participation of the representatives of industrial policy department of the Commission and of Member States in the negotiations.

4.2.3. Creation of new value chains

The EAEU Member States and Commission shall develop and implement joint programs and projects for the development of high-priority economic activities, in order to create new value chains.

4.3. Development of new competitive and export-oriented product manufacture

The Member States shall cooperate in the development of a mechanism of joint entering the markets of third countries in order to promote the products that have been jointly produced by production companies of the Member States, providing application of the following tools:

- joint dealer and service networks;
- joint trading houses, centres for certification of machinery and technical products and technical support, special-purpose joint sales companies and consortiums;
- development of information and advisory support provided to the EAEU exporting Member States;
- organization of joint (united) exhibits in various exhibitions and trade fairs;
- use of new financial products, such as leasing, to support exports;
- cooperation of diplomatic, consular and trade missions of the EAEU Member States;
- project (investment), pre-export and export funding of jointly produced products;
- high-priority application of international and regional standards, adoption of quality management systems.

The Parties shall work towards the improvement of technical regulation system and (when required) develop mechanisms of assisting producers in foreign certification during the export, in order to enhance the competitiveness of the industrial products and to ensure entering the markets of third countries.

4.4. Modernization (technical upgrade) of the existing production facilities and creation of new innovative industries in the EAEU Member States

The EAEU Member States shall prepare a list of recommended priorities (types of activity, technologies, technology tasks of companies) of the cooperation necessary to improve the technological modernization and innovative activities of companies within the Eurasian Economic Union, in order to focus the efforts of the Mem-
4. Directions and instruments (mechanisms) of the industrial development within the framework of the EAEU

4.4.1. Development of industrial and innovative infrastructure facilities

When working towards the cooperation in the development of the industrial and innovative infrastructure, the Parties can:

- introduce standards (including the international ones) for the establishment and operations of industrial infrastructure facilities in accordance with the international best practices;
- adopt the best practices of state support;
- organize the interaction between the innovative and industrial infrastructure facilities of the EAEU Member States.

In order to enhance the industrial cooperation in scientific, technology, innovative and production fields, the Parties can create:

- the Eurasian technology transfer network;
- the Eurasian network of industrial cooperation and subcontracting;
- the conditions for digital transformation of the industrial sector and creation of a common digital space for the EAEU industrial sectors.

To adopt innovative products, the EAEU Member States shall ensure:

- the cooperation with international organizations;
- the interstate programs and projects, including the ones relating to innovation.

4.4.2. Technology platforms

The Eurasian Technology Platforms (the ETPs) are developed to establish competence centres in the Member States, define future economy, ensure continuous technological upgrade and enhancement of global competitiveness of the industrial sectors.

The ETPs are a cooperation mechanism to be used by interested Parties in scientific, technical, innovative and production fields, and they shall be developed through the creation of favourable conditions for the cooperation between the leading business companies (industry-specific production companies, state-owned companies), scientific institutions (research institutions, universities, other educational institutions), state (development institutes, relevant state authorities), public organizations (relevant associations and unions) of the EAEU Member States.

The ETPs are aimed at the provision of consistent efforts towards the accumulation of the best national and international achievements in the scientific and technical development, mobilization of scientific potential of the Member States in order to address the applied problems related to the development of innovative products and technologies, and to their introduction to the industrial production.

The Member States and the Commission shall take into account the interstate status of the ETPs, promote its operation and ensure the involvement of national organizations in their operation.

The Parties, guided by the Commission, shall develop a regulation concerning development, operations and funding of the ETPs.

4.4.3. Interstate programs and projects

Interstate programs and projects are designed to address particular problems related to the development of innovative products and apply state-of-the-art technologies in the industrial production, including the problems that were defined within the framework of
the ETPs’ operations; they shall also provide for a range of research and development, technology, production, executive and administration, other activities reconciled with resources, contractors and deadlines.

To implement interstate programs and projects, the Parties can:

provide joint funding of projects and programs related to the research, technology and innovations, including the funding from the common funds (when required);
coordinate the financial efforts towards the innovative activities, including through venture investments;
prepare a list of cooperation projects concerning the research, technology and innovations, on the basis of new technologies proposed for the use in the EAEU.

The Member States, advised by the Commission, shall prepare a recommendation document concerning the determination of a project that would affect the cooperation.

The Parties, guided by the Commission, shall prepare a proposal about mechanisms and funding sources, in order to implement the joint programs and projects that would affect the cooperation.

The Parties, together with the Commission, shall prepare a regulation on interstate programs and projects, including those related to the innovations, that would stipulate the funding procedure and sources.

4.4.4. Establishment of the Eurasian Engineering Centre

The Member States shall develop a mechanism of generation and introduction of state-of-the-art technology solutions related to automation, robot automation, including the possible establishment of the Eurasian Engineering Centre (the Engineering Centre) and its units (competence centres), in order to develop a technical and technological basis that would enable the transition to new technological structure of the industrial sectors of the Member States and service-oriented model of industrial production in the EAEU.

The main objective of the Engineering Centre is development and facilitation of introduction of innovative technology solutions to the production processes of machine-building sectors of the EAEU Member States.

In cooperation with the development institutions, the Engineering Centre shall forecast the needs of the machine-building industries and prospective areas for the development of production means, materials and supplies, shall prepare and update a list of prospective technology solutions that need to be introduced to the high-priority economic activities.

The Engineering Centre shall cooperate closely with interested producers and innovative infrastructure facilities towards facilitating the development (including through scientific and technological researches conducted together with international technological leading companies including the multinational ones) and introduction of prospective equipment to mass production.

The Parties shall participate in establishment of the Engineering Centre in accordance with their national priorities and on the basis of the following principles:

- equality and respect for the national interests of the Member States;
- mutual benefit;
- fair competition;
- non-discrimination;
- transparency.

The Parties shall further choose the location of the Engineering Centre.
4.4.5. The Eurasian technology transfer network

The Eurasian technology transfer network is one of the means to promote innovations in the EAEU Member States, to transfer intellectual property, as well as rights thereof, between individuals and legal entities for the purpose of their further application and/or commercialization.

The main types of the transfer of intellectual property are the following:

- transfer or alienation of exclusive intellectual property rights (usually, the industrial property);
- granting the right to use intellectual property under licensing;
- transfer of know-how, technology practices, supporting documents for transferred equipment and technology, as well as professional training, advisory support, etc.;
- transfer of technology-related information required for the purchase or rent (leasing) of equipment and machinery;
- personal exchange of information during seminar, symposiums, exhibitions, etc.;
- joint research and development activities carried out by various companies and scientists;
- employment of new professional persons with certain competences;
- other information transfer means.

To develop and ensure further use of the Eurasian technology transfer network, the EAEU Member States shall take the following actions on the basis of their national systems:

- development of a common network search system that would allow to find technology engineers and interested companies;
- development of a common network search system that would allow to find partners for joint research and development activities;
- integration of the Eurasian network system in the international network system.

The Parties, together with the Commission, shall consider the feasibility of establishing a joint organization related to the technology transfer.

4.5. Elimination of barriers in movement of industrial products in the common EAEU market on both federal (republic) and regional (local) levels

4.5.1. Market monitoring

The Commission, in cooperation with the authorised authorities of the EAEU Member States, shall conduct the monitoring and forecasting of the EAEU Common Market. The Commission shall involve specialist and/or research and development organizations in the Common Market monitoring and forecasting.

The Common Market monitoring and forecasting shall include the collection and analysis of the information about production, exports and imports of goods produced by manufacturing industries, including the products of producing Member States and imported products of third countries, within the EAEU States.

The monitoring and forecasting shall also be conducted in respect of the supplies to national markets by producers of the Member States, mutual supplies to each other’s markets, imports from third countries to the EAEU Common Market, including price ranges of national companies and imported products, level of customs protection, production capacities of the Member States in terms of output of relevant products in view of their load level, etc.
The Common Market monitoring and forecasting shall be conducted in view of types of activities of processing industries. Following the monitoring, the Commission shall prepare an annual report and send it to the Parties along with proposals to use the Common Market potential for the implementation of Main Directions and supporting materials.

4.5.2. Monitoring of barriers in companies
The monitoring of barriers shall include:
preparation of a list of strategic industrial companies;
monitoring of strategic industrial companies in the form of surveys;
preparation by the Commission of an annual report about the barriers detected for the Member States;
proposals to eliminate the barriers.

4.5.2.1. List of strategic companies
The list of strategic companies shall be prepared in view of the types of activities of processing industries and it shall cover the companies of the Member States that play the most important role in the development of respective industries, that are involved in innovation and investment projects, that have decisive impact on the development of production and employment in the respective industries of the EAEU Member States.

The list shall be prepared by the Commission in view of the proposals of the authorised authorities of the EAEU Member States. The list shall be undated upon a request of any EAEU Member State.

4.5.2.2. Monitoring of strategic companies
The monitoring of strategic companies shall be aimed at the detection of barriers:
in the movement of industrial goods in the EAEU Common Market;
in the development of industrial cooperation within the EAEU framework;
in the movement of industrial goods in third countries’ markets.

The monitoring of strategic companies shall be conducted by the Commission in the form of surveys and in accordance with a questionnaire approved by the authorised authorities of the Member States.

Following the monitoring, the Commission shall prepare an annual report and proposals to use the EAEU Common Market potential and the most prospective directions of the industrial cooperation and development.

The EAEU Member States shall consider the need to eliminate the barriers detected.

4.6. International industrial cooperation within the EAEU

The international activities of the EAEU are carried out in accordance with Article 7 of the Treaty on the Eurasian Economic Union of May 29, 2014.

With regard to industrial activities, the international cooperation within the framework of the EAEU, shall be performed in the following areas:
cooperation with international partners in the industrial areas (international organizations, foreign governments, regional integration associations, business associations of foreign states) to detect possible areas of cooperation, development of industrial, research and technology cooperation, and to promote the Union on the international stage, as well as to inform about the specific details of operating in the EAEU market and
about the acts of the Commission relating to industrial activities;
cooperation with foreign governments, regional integration associations, international organizations that show their interest in the cooperation with the EAEU States and participation in the development of integrated industrial sectors of the EAEU Member States;
cooperation with the main trade and economic partners of the Union in order to ensure the sustainable growth of industrial potentials of the Member States, economy diversification, involvement of the EAEU producers in the international production chains, innovative development of the industrial sectors of the Member States, increase and structural improvement of investments, acceleration of integration processes in the EAEU.

5. **HIGH-PRIORITY ACTIVITIES AND SENSITIVE GOODS**
5.1. High-priority economic activities

High-priority economic activities shall mean the activities that were defined by the Parties as the ones of high priority for the implementation of the Main Directions.

To establish the best possible synergy effect of the industrial cooperation of the Parties, the Member States, together with respective specialized and/or research and development organizations and under the direction of the Commission, shall carry out the analysis within a year after the date of this document adoption, in order to clarify high-priority economic activities required for the enhanced industrial cooperation and to submit proposals on amending the MDIC.

The Commission and the Parties shall analyse national economic activities that have high priority for the industrial cooperation, in accordance with the List of economic activities of high priority for industrial cooperation between the EAEU Member States (Annex 1), in order to submit the Commission’s recommendations on further development of the industrial cooperation in view of the interest of each of its parties for the consideration of the Member States. The Parties shall have the right to participate in the implementation of the above recommendations, including through their affiliation, in view of their national industrial interests.

5.2. Sensitive goods

To reduce the risk of negative impact of national decisions on the industrial sectors of the Parties, the Member States shall exchange the information and hold consultations prior to taking any actions under the industrial policy in respect of sensitive goods, in order to take each other’s position into account.

The consultations and exchange of information shall be conducted in accordance with the List of sensitive goods that are of high priority for the industrial cooperation of the Members States of the Eurasian Economic Union (Annex 2) and in accordance with the Procedure for holding consultations about sensitive goods and (or) exchange of information between the Member States of the Eurasian Economic Union about the planned directions of national industrial policies implementation in respect of sensitive goods (Annex 3), which are integral parts of this documents.

The sensitive goods are goods of high level of competitiveness between the producers of the various Member States. The list of sensitive goods may be updated upon an approval of the Parties.
The implementation of principles and mechanisms of cooperation between the Parties, as provided for by the MDIC, shall boost the enhanced cooperation between the Parties in the areas of industries, unification of innovation infrastructure and technology transfer systems, early detection and elimination of barriers in the development of the industrial cooperation, better use of the Common Market potential and increase of exports of jointly produced products to third countries, levelling of aggressive competition between industrial companies of the Member States through negotiations.

The implementation of the MDIC will improve the quantitative and quality indices of the industrial development of the Parties: will increase growth rate of the industrial production in the EAEU Member States; will reduce the gap between the labour productivity, calculated as GVA, of the Member States and the labour productivity in developed countries; will increase the cooperation supplies and overall mutual trade of industrial products; will increase the share of products of the EAEU Member States in the Common Market, including jointly produced products, and to ensure gradual improvement of their localization; will attain a synergy affect of the joint industrial development of the EAEU Member States and to increase the share of high-technology activities in the industrial sectors.
### Annex 1

**List of high priority economic activities for industrial cooperation between the EAEU Member States**

#### The Republic of Armenia

1. Hard engineering (machine and tool-making, electrical engineering, electronics, optics, photonics)
2. Pharmaceutics and biotechnology
3. Diamond production, jewellery and watch industries
4. Production of construction materials
5. Light industries
6. Wine making and cognac production

#### The Republic of Belarus

1. Automotive industry
2. Production of agricultural equipment
3. Production of railway equipment
4. Production of machinery and equipment of oil refining and oil producing industries
5. Electronics engineering
6. Production of electric machinery and equipment
7. Machine and tool-making industry
8. Metallurgy (ferrous and non-ferrous)
9. Energy industry
10. Production of construction materials
11. Light industries
12. Medical and microbiological industries
13. Wood and wood processing industries, cellulose and paper production
14. Chemical and petrochemical industries
15. Pharmaceutical industry

#### Research and technology, innovative products sectors

| 1. Nanotechnology industry |
| 2. Composite and new materials |
| 3. Biotechnology |
| 4. Information, communication and computer technologies, big data technologies, supercomputing technologies |
| 5. Cognitive technologies, artificial intelligence technologies, robotics |
| 6. Transport technologies |
| 7. Space technologies |
| 8. Natural resource management technologies |
| 9. Energy efficiency and energy saving, smart grid technologies, alternative energy |
| 10. Engineering and industrial design |
| 11. Digital design and modelling |
| 12. Safety technologies |
| 13. Additive technologies |
| 14. Quantum technologies |
| 15. Industrial internet technologies |

#### The Republic of Kazakhstan

1. Ferrous metallurgy
2. Non-ferrous metallurgy
3. Oil refining
4. Petrochemical industry
5. Food production
6. Agricultural chemistry
7. Production of industrial chemicals
8. Production of motor vehicles, spare parts, accessories and engines
9. Production of electric machinery and equipment
### Annex 1. List of high priority economic activities for industrial cooperation between the EAEU Member States

**The Republic of Armenia**

1. Production of agricultural equipment
2. Production of railway equipment
3. Production of machinery and equipment of mining industries
4. Production of machinery and equipment of oil refining and oil producing industries
5. Production of construction materials

**The Kyrgyz Republic**

1. Production of machinery and equipment of mining industries
2. Energy industry
3. Production of construction materials
4. Light industries

**The Russian Federation**

1. Automotive industry
2. Production of agricultural equipment
3. Production of railway equipment
4. Production of machinery and equipment of mining industries
5. Production of machinery and equipment for oil refining and oil producing industries
6. Aerospace and engine engineering
7. Rocket and space industry
8. Shipbuilding
9. Electronics engineering
10. Power engineering industry
11. Production of electric machinery and equipment
12. Machine and tool-making industry
13. Metallurgy (ferrous and non-ferrous)
14. Energy industry
15. Production of construction materials
16. Light industries
17. Pharmaceutical industry
18. Medical and microbiological industries
19. Wood and wood processing industries, cellulose and paper production
20. Chemical and petrochemical industries

**Research and technology, innovative products sectors**

1. Nanotechnology industry
2. Composite and new materials
3. Biotechnology
4. Information, communication and computer technologies, big data technologies, supercomputing technologies
5. Cognitive technologies, artificial intelligence technologies, robotics
6. Transport technologies
7. Space technologies
8. Natural resource management technologies
9. Energy efficiency and energy saving, smart grid technologies, alternative energy
10. Engineering and industrial design
11. Digital design and modelling
12. Safety technologies
13. Additive technologies
14. Quantum technologies
15. Industrial internet technologies
Annex 2

List of sensitive goods of high priority for industrial cooperation between the Member States of the Eurasian Economic Union (EAEU)

I. Automotive industry

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Motor cars</td>
</tr>
<tr>
<td>2.</td>
<td>Buses</td>
</tr>
<tr>
<td>3.</td>
<td>Trucks and special cars</td>
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<tr>
<td>4.</td>
<td>Haul trucks</td>
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<tr>
<td>5.</td>
<td>Trailers and semi-trailers</td>
</tr>
<tr>
<td>6.</td>
<td>Part and components of transport vehicles including internal combustion engines, coachworks, chassis for vehicles</td>
</tr>
</tbody>
</table>

II. Light industries

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>7.</td>
<td>Yarn and threads</td>
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<tr>
<td>8.</td>
<td>Fabrics and bedding</td>
</tr>
<tr>
<td>9.</td>
<td>Technical textile</td>
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<tr>
<td>10.</td>
<td>Carpets and other textile floor coverings</td>
</tr>
<tr>
<td>11.</td>
<td>Apparel</td>
</tr>
<tr>
<td>12.</td>
<td>Knitted legwear</td>
</tr>
<tr>
<td>13.</td>
<td>Knitted sweaters and cardigans</td>
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<tr>
<td>14.</td>
<td>Suitcases and bags</td>
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<tr>
<td>15.</td>
<td>Leather</td>
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<tr>
<td>16.</td>
<td>Apparel, clothing and other natural fur products</td>
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<td>17.</td>
<td>Footwear and footwear parts</td>
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</table>

III. Metallurgy

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<tbody>
<tr>
<td>18.</td>
<td>Steel rolled products</td>
</tr>
<tr>
<td>19.</td>
<td>Pipes</td>
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</tbody>
</table>

IV. Production of machinery and equipment for agriculture and forestry

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<thead>
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<th></th>
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<tbody>
<tr>
<td>20.</td>
<td>Combine harvesters</td>
</tr>
<tr>
<td>21.</td>
<td>Caterpillar and wheeled tractors</td>
</tr>
<tr>
<td>22.</td>
<td>Agricultural and orchard machinery</td>
</tr>
</tbody>
</table>

V. Production of construction materials

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<tr>
<th></th>
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<tbody>
<tr>
<td>23.</td>
<td>Portland cement</td>
</tr>
<tr>
<td>24.</td>
<td>Glass</td>
</tr>
</tbody>
</table>
Annex 3.

Procedure for consultations concerning sensitive goods and (or) information exchange by the Member States of the Eurasian Economic Union with regard to planned development directions for the national industrial policies on sensitive goods

I. General Provisions

1. The Procedure has been developed in accordance with Article 92 para. 8 of the Treaty on the Eurasian Economic Union of May 29, 2014 (the Treaty) for consideration of each other’s positions prior to adoption by the Member States of the Eurasian Economic Union (the Member States) of industrial policy measures, according to the list of sensitive goods, as stipulated by Article 92 para. 8 of the Treaty on the Eurasian Economic Union of May 29, 2014 (list of sensitive goods), and it defines the deadlines and consequence of actions to be taken by authorized bodies in the development of legal acts related to the implementation of national industrial policies of the state authorities of the Member States (authorized bodies) and the Eurasian Economic Commission (the Commission), during the consultations concerning the sensitive goods (consultations) and exchange of information by the Member States about the planned directions of implementation of national industrial policies (exchange of information).

2. Upon a proposal of any Member State and approval of other Member States, the consultations and exchange of information about the goods that are not included in the list of sensitive goods, may be arranged.

3. The consultations and exchange of information shall not prevent the Member States from interstate approval of new draft acts and adoption of these acts.

Annex 3. Procedure for consultations concerning sensitive goods and (or) information exchange by the Member States of the Eurasian Economic Union...

For the purposes of this Procedure, legal acts (draft acts) shall mean the legal industry-relating acts of the Member States, departmental acts of the state authorities of the Member States (draft acts), national and departmental programs (draft programs) related to the implementation of national industrial policies.

4. The Member States and the Commission shall use, if available, the channels of immediate communication (email, fax) to arrange consultations and exchange of information.

II. Consultation sessions

5. The consultation sessions relating to taking into account the positions of the Member States in respect of sensitive goods, shall be held upon proposals of the authorised authorities.

6. The authorised authorities shall submit proposals to hold consultation sessions to the Commission within 20 working days prior to the proposed consultation date.

7. The Commission shall forward the respective information to the authorised authorities of other Member States, along with the indication of the proposed date, place and type of consultations, within 3 working days from the date of the proposal receipt.

8. The authorised authorities shall inform the Commission of their approval of the consultation session or shall submit their proposals on the consultation session and information about its participants to the Commission within 7 working days from the date when the information from the Commission was received.

9. The information support of these consultation sessions (preparation of agenda for a meeting day, draft minutes, mailing information about positions of the Member States) shall be provided by the Commission.

10. The consultation sessions may be held within the framework of the Consultative Committee for industry and (or) in the Commission’s venue.
The consultation sessions may be held in the form of a meeting with the participation of representatives of the Member States, or in the form of a video conference.

11. In case of holding consultation sessions in the form of a video conference, the authorised authorities and the Commission shall provide the video conferencing equipment on their own.

12. The consultation sessions may also be attended:
   a) on behalf of the Member States – by representatives of authorised or other interested authorities, representatives of the producing companies and consumers of industrial products, representatives of associations and other unions of producers and consumers;
   b) on behalf of the Commission – by representatives of the department, to the competence of which the industrial policy problems relate to, and other interested departments of the Commission.

13. Upon the completion of consultation sessions, their minutes shall be prepared and sent to the Member States within 5 working days from the dates of consultation sessions.

14. The development and submission of a respective draft act of the body of the Eurasian Economic Union may be considered during consultation sessions upon a proposal of a Member State.

15. Upon the approval of the Parties, the Commission shall publish the information about planned consultation sessions and the results of previous consultation sessions on the official website of the Union in the information and telecommunications network Internet.

16. Expenses related to the organization of consultation sessions shall be paid by the Member States and the Commission on their own.

III. Exchange of information

17. The Member States shall inform the Commission through their authorised bodies about the planned directions of the implementation of their national industrial policies in respect of sensitive goods by sending their draft legal acts and information thereof as per the form enclosed.

18. The authorised bodies shall send draft legal acts and information thereof to the Commission after the approval of these draft legal acts by the concerned state authorities of a Member State, while draft legal acts that do not require approval with other state authorities of a Member State and information thereof shall be sent to the Commission after the interdepartmental approval procedure is completed.

In case a draft legal act provides for the subsidies measures, which comply with Article 93 para. 3 of the Treaty on the Eurasian Economic Union of May 29, 2014, the authorised body shall also submit this information to the Commission as per the forms approved by Decision of the Council of the Eurasian Economic Commission no.111 of December 10, 2014.

19. The Commission shall ensure sending the draft legal acts and information thereof, which were received from the authorised body, to the authorised bodies of other Member States within 3 working days from the date of receipt of this draft project and information thereof by the Commission.

20. The authorised bodies shall submit to the Commission their comments and proposals relating to a draft legal act within 20 working days from the date when they received the above draft legal act and information thereof.

The Commission shall submit these comments and proposals of the authorised bodies to the authorized body, which submitted the draft legal act within 3 working days from the date of their receipt, and the authorized body shall consider them and submit the
results of consideration of these comments and proposals within 10 working days from the date of their receipt.

The Commission shall send the above information to other authorized bodies within 3 working days from the date of its receipt.

21. Informing the EEC and the Member States of the draft acts shall not impede the procedure of domestic approval and adoption of an act by the State that drafted it.

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**Annex**

To the Procedure for consultations concerning sensitive goods and (or) information exchange by the Member States of the Eurasian Economic Union with regard to planned development directions for the national industrial policies on sensitive goods

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**FORM**

of exchange of information by the Member States of the Eurasian Economic Union about sensitive goods

<table>
<thead>
<tr>
<th>Name of the draft legal act</th>
<th>Goods (industry) to which the act will be applied</th>
<th>Development deadline, expected date of legal act adoption</th>
<th>Objective of legal act adoption</th>
<th>Description of industrial policy measures as provided by the draft legal act</th>
<th>Effective term of the legal act</th>
<th>Additional information*</th>
</tr>
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<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<td>7</td>
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</table>

* The statistics data about the goods (industry), and assessment of impact that the measures provided by the draft legal act will have on the industry, as available to the authorized body, shall be indicated.
THE EURASIAN INTERGOVERNMENTAL COUNCIL

DECISION No 9

ON THE MAIN DIRECTIONS OF INDUSTRIAL COOPERATION WITHIN THE FRAMEWORK OF THE EURASIAN ECONOMIC UNION

(September 8, 2015, Grodno)

To implement Article 92 para. 6 of the Treaty on the Eurasian Economic Union of May 29, 2014, the Eurasian Intergovernmental Council decided:

1. To approve the attached Main Directions of Industrial Cooperation within the framework of the Eurasian Economic Union (the Main Directions).

2. The Governments of the Member States of the Eurasian Economic Union shall:

   - implement the industrial policy within the Union for the Main Directions in accordance with Article 92 para. 1 of the Treaty on the Eurasian Economic Union;
   - ensure implementation of the Main Directions in cooperation with the Eurasian Economic Commission.

3. The Eurasian Economic Commission, in cooperation with the Member States of the Eurasian Economic Union, shall prepare the draft plan of acts development for implementation of the Main Directions of Industrial Cooperation within the framework of the Eurasian Economic Union by 31 December 2015, and shall ensure its submission for consideration by the Council of the Eurasian Economic Commission.

4. This Decision shall become effective from the date of its official publication.

Members of the Eurasian Intergovernmental Council:

<table>
<thead>
<tr>
<th>on behalf of the Republic of Armenia</th>
<th>on behalf of the Republic of Belarus</th>
<th>on behalf of the Republic of Kazakhstan</th>
<th>on behalf of the Kyrgyz Republic</th>
<th>on behalf of the Russian Federation</th>
</tr>
</thead>
</table>
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THE MAIN DIRECTIONS
OF INDUSTRIAL COOPERATION
WITHIN THE FRAMEWORK
OF THE EURASIAN ECONOMIC UNION

Отпечатано в ФГУП
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