

Eurasian Economic Commission Trade Regulation News Bulletin

Q1 2013

Section 1 – Key Events:

Negotiations on Free Trade Area Agreement Kick Off between the Customs Union and Vietnam

On March 27, 2013, the first round of negotiations kicked off to discuss conclusion of a free trade area agreement between the Customs Union (Russia, Belarus and Kazakhstan) and the Socialist Republic of Vietnam. The Customs Union's delegation of negotiators, comprised of representatives of the Eurasian Economic Commission (EEC) and agencies of the Customs Union (CU), was led by the EEC Minister for Trade Andrei Slepnev. The first round took place in Hanoi, Vietnam.

“We expect to draft an up-to-date Free Trade Area Agreement that will regulate not only trade in goods, but also trade in services, as well as access to our investment markets and opportunities for participating in major governmental infrastructure projects,” says Andrei Slepnev. “Currently, a new centre of demand and manufacture is emerging in the Asia-Pacific Region, and the Customs Union member states need to enter these markets and develop trade with the APR countries. We have long-lasting and fruitful cooperation ties with Vietnam, and for this reason it is Vietnam that has become the first country in this region we have chosen to start such dialogue with.”

In December 2012, the Supreme Eurasian Economic Council at the level of the heads of Customs Union member states charged the parties to conduct, in cooperation with the EEC, negotiations on making a free trade area agreement with Vietnam.

The readiness to launch negotiations on a free trade area at the beginning of 2013 was announced at the APEC summit in Vladivostok in September 2012. Last year a joint research group successfully completed its work. Its findings suggest there is a considerable potential for the development of trade and economic relations between the Customs Union member states and Vietnam, in case a free trade area is created. Such step will drive further development of a long-standing mutually beneficial cooperation between the countries onto a new level.

Eurasian Economic Commission Delivers Presentation before WTO

On February 27, 2013, the EEC Minister for Trade Andrei Slepnev held an information seminar for experts from the WTO member states. The meeting focused on the activity of the EEC as a supranational regulatory authority and on compliance with Russia's WTO accession commitments within the competencies delegated to the supranational level.

For example, on May 31, 2012, an action plan was approved to adapt the Customs Union's legal framework to the WTO conditions. In pursuance of the activity plan, the Eurasian Economic Commission in 2012 aligned the CU Common Customs Tariff with the Russia's commitments to the WTO, implemented all WTO recommendations relating to customs value and also aligned all 38 chapters of the Requirements in the Field of Sanitary and Phytosanitary Measures with the international rules. The Inspection Rules are being improved now. Additionally, revised guidelines for the development, adoption, modification and cancellation of technical regulations, including issues of transparency, were approved.

Full version of the presentation delivered by the Minister for Trade is available [here](#).

The meeting was attended by more than 100 experts from permanent missions of the WTO member states and delegates from international organizations, including heads of missions.

Section 2 – Changes in Import Duty Rates:

On December 25, 2012, the Board of the Eurasian Economic Commission passed a resolution to increase import duty rates for personal computers, priced up to USD 3,000, from 0% to 10% of customs value. The resolution applies to non-portable PCs, including certain types of monoblock computers. Due to value-based differentiation, this resolution affects mainly office PCs, while customs duty rates, for example, for servers will remain unchanged. The resolution entered into force on January 26, 2013.

On January 30, 2013, the Council of the Eurasian Economic Commission resolved to extend a zero customs duty rate for forging and die-stamping hydraulic presses and radial forging hydraulic machines till October 31, 2013 inclusive. This resolution is intended to support technical modernization of metallurgical enterprises. It also applies to the legal relations existing since January 1, 2013.

On February 27, 2013, the Council of the Eurasian Economic Commission passed a resolution to increase duty rates for a range of dairy products, including butter, cottage cheese and milk pastes, from 15% to 18.3% of customs value till June 30, 2013 inclusive. The effective date of this resolution is April 1, 2013.

On February 27, 2013, the Council of the Eurasian Economic Commission passed a resolution to set a zero import duty rate for special types of gasoline with n-hexane content of

not less than 55 weight% and not more than 80 weight%, and with a start boiling point of not less than 64°C and an end boiling point of not more than 70°C. This type of special gasoline is used as a solvent for extraction of vegetable oils from natural raw materials. The effective date of this resolution is April 6, 2013.

On March 12, 2013, the Board of the Eurasian Economic Commission passed a resolution to include cellulose sheets from acacia and eucalyptus as separate items in the common Foreign Economic Activity Commodity Nomenclature of the Customs Union, and reduce import duty rates for such sheets from 10-15% to 0% of customs value. The effective date of this resolution is April 12, 2013.

On March 14, 2013, the Council of the Eurasian Economic Commission passed a resolution to reduce import duty rates for certain types of organic chemical compounds, which are used in pesticide production, from 5% to 0% of customs value, effective from April 15, 2013 to April 14, 2014 inclusive.

On March 14, 2013, the Council of the Eurasian Economic Commission passed a resolution to harmonize import duty rates on LCD TVs, both fitted with video recorders and video players and not, at the level of 16% of customs value. Since these goods have similar technical specifications, a decision was taken to set identical import duty rates in order to avoid risks of misdeclaration. The effective date of this resolution is May 8, 2013.

On March 19, 2013, the Board of the Eurasian Economic Commission passed a resolution to reduce import duty rates for certain types of coated paper and cardboard, which are used for graphical purposes, from 15% to 5% of customs value, and these will apply for a period of 9 months or, with respect to multilayer paper and cardboard with all layers bleached, until December 31, 2015. The effective date of this resolution is April 20, 2013.

Section 3 – New Trade Legislation:

The Council of the Eurasian Economic Commission approved a draft Agreement on the Movement of Narcotic Drugs, Psychoactive Substances and their Precursors within the customs territory of the Customs Union. The draft was submitted for national approval.

This draft agreement regulates the movement and transportation (internal transit) of the abovementioned goods by legal entities in the course of trade between the Customs Union member states and by individuals for personal use.

The agreement obliges the competent authorities of the parties to share information about permits issued, and submit their national lists of controllable goods to the EEC to be uploaded to its website. It is required for the purpose of administration of movement and transportation (internal transit) of this category of goods.

The agreement is expected to be considered at a regular session of the Supreme Eurasian Economic Council at the level of the heads of Customs Union member states in May 2013.

Section 4 – Agreements for Cooperation with the United Nations Trade Structures:

Memoranda for cooperation between the Eurasian Economic Commission and the United Nations Conference on Trade and Development (UNCTAD), and between the Eurasian Economic Commission and the United Nations Economic Commission for Europe were initialled during the EEC Minister for Trade Andrei Slepnev's visit to Geneva.

The memorandum is aimed at strengthening EEC-UNCTAD cooperation in such fields as regional economic integration and integration development strategies, macroeconomic policy, competition policy, trade, customs regulation, investment policy, etc.

Section 5 – Barriers to Foreign Trade:

As of December 2012, there were 95 restrictive measures against goods originating from the Customs Union member states. Far-abroad countries account for 69% of the total number of such measures (66 measures). The majority of measures are applied by the European Union (20 measures) and the United States (17 measures).

The CIS states apply 31% of all restrictive measures (29 measures), with most of them applied by Ukraine (16 measures) and Uzbekistan (6 measures). The other CIS countries using restrictive measures are Azerbaijan, Armenia, Kirghizia, Moldavia and Turkmenistan.

In general, the following measures from all those applied by third countries are the most sensitive for the Customs Union member states:

1. REACH requirements applied by the EU, whereby chemical substances contained in the composition of products marketed within the EU territory, including imported products, shall be registered with the European Chemicals Agency;

2. Economic sanctions applied by the United States to the products of petrochemical and metallurgical industries of the Republic of Belarus;

3. EU grain supply quotas;

4. Anti-dumping measures applied by the United States, the EU and Ukraine in relation to products of metallurgical and chemical industries;

5. Discriminatory excise duties applied by Uzbekistan (in particular to flour).