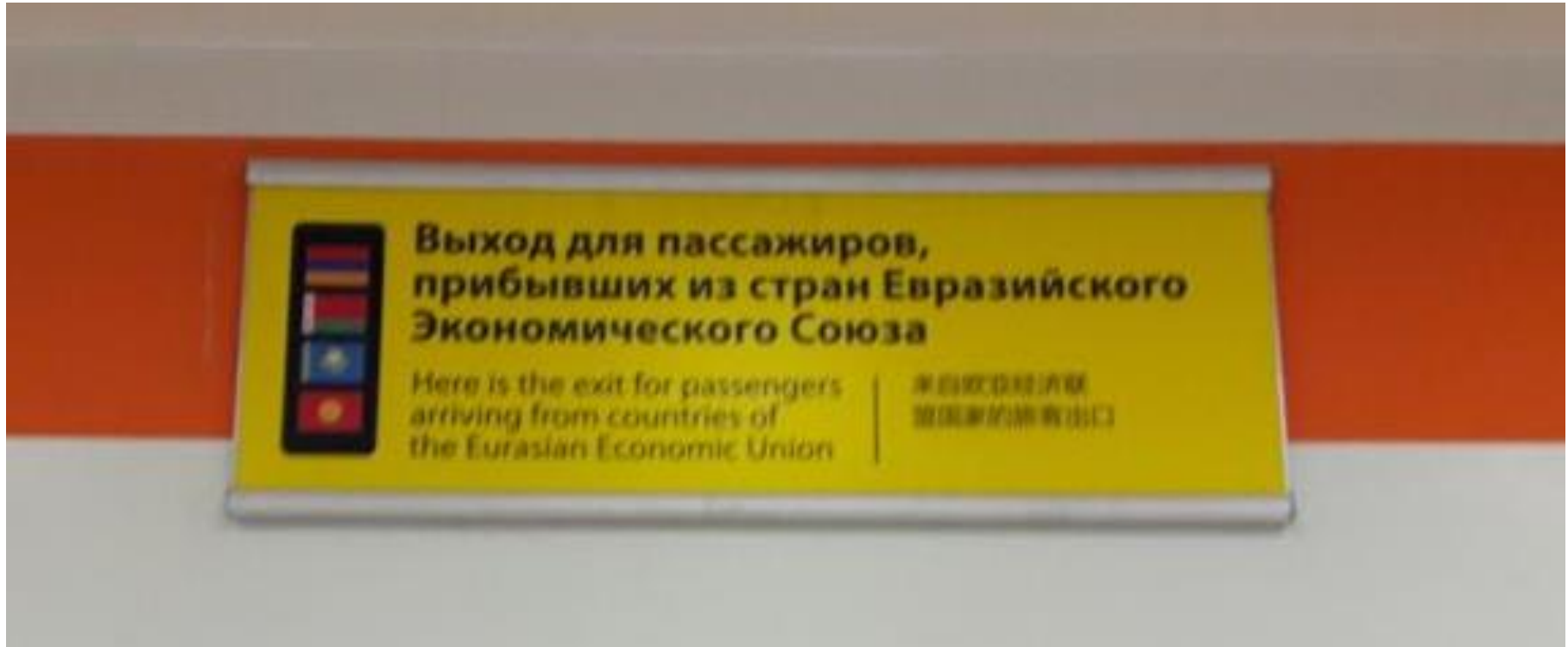




Leibniz Institute of Agricultural Development  
in Transition Economies

***Russia and Armenia: EAEU integration in the context of  
WTO membership***

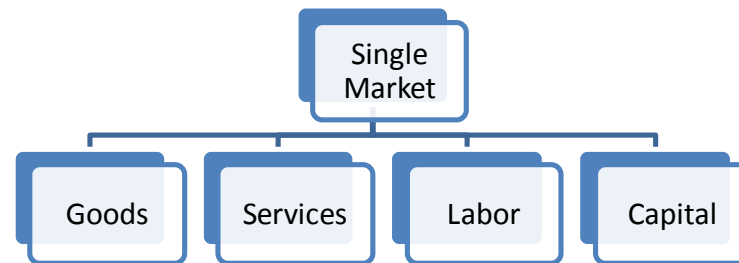
***Siranush Ghukasyan***



## Failed attempts

- “Civilized divorce” – CIS, 1991
- Union State of Russia and Belarus in 1990s
- EurAsEc (2000-2014)
- Customs Union (2010) → Common Economic Space (2012)

EAEU is an economic union, with Russia’s geopolitical craves



## Is EAEU a going to be a success story?



Source: Eurasian Economic Commission

EAEU Treaty/ a 1000 page document

1. Internal tariffs
2. Common external tariff (mostly resembling Russia's WTO tariff schedule)
3. Common food safety and animal and plant health space

The inter-trade and labor movements in the core of establishment of the Union

Agreed (coordinated) agricultural policy

3 September 2013 Armenia announces its willingness to join the Customs Union together with the “Troika”

EU taken by surprise (EU and Armenia successfully concluded the negotiations on the DCFTA)

Armenia withdraws from signing the Association Agreement with EU and instead signs the EAEU agreement

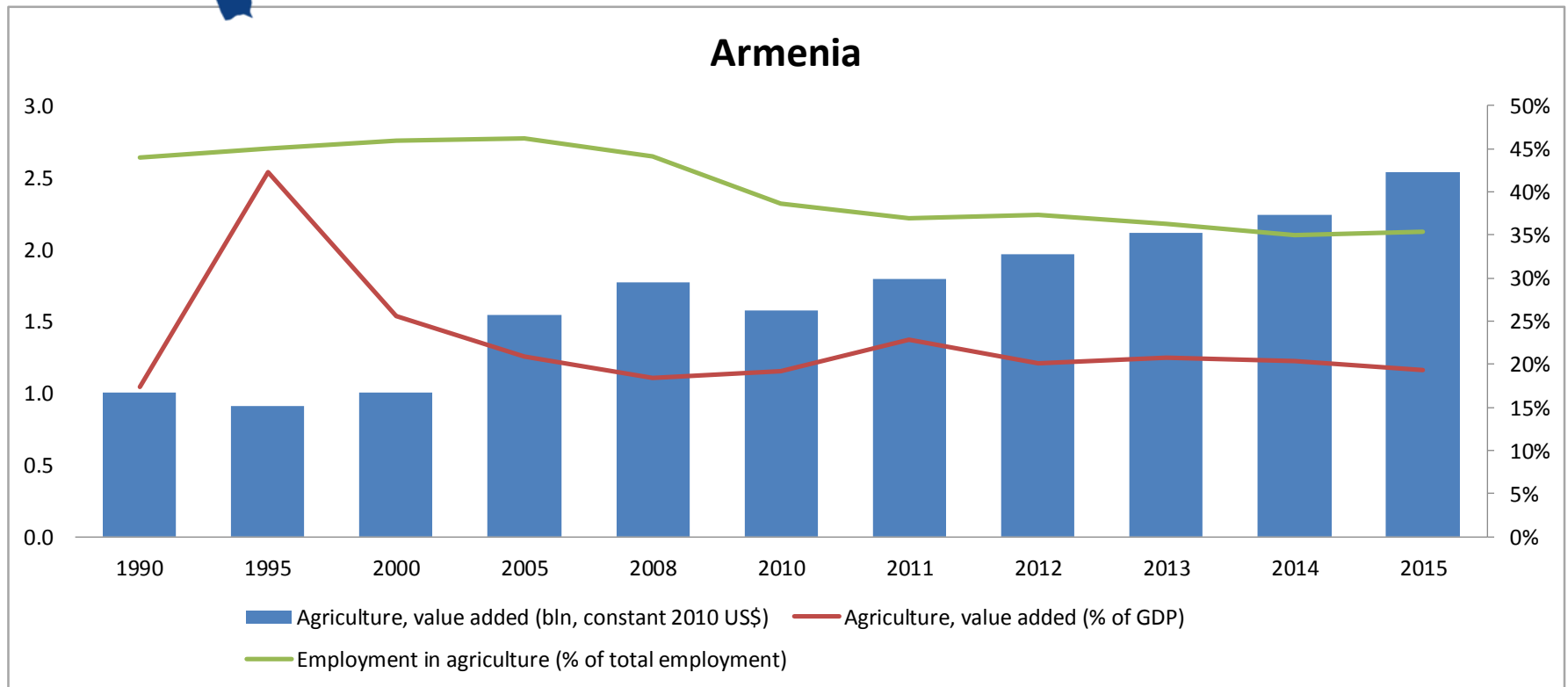
Serj Sargsyan announces: EAEU is more than an economic agreement for Armenia, it is a guarantee of security

All the efforts to become one of the founding countries fail and Armenia becomes the 4<sup>th</sup> member on 2 January 2015

# The role of agriculture



Area: 29,73 (1000 sq. km)  
Population: 3,01 million  
Rural population: 1,2 million  
WTO member since 2003

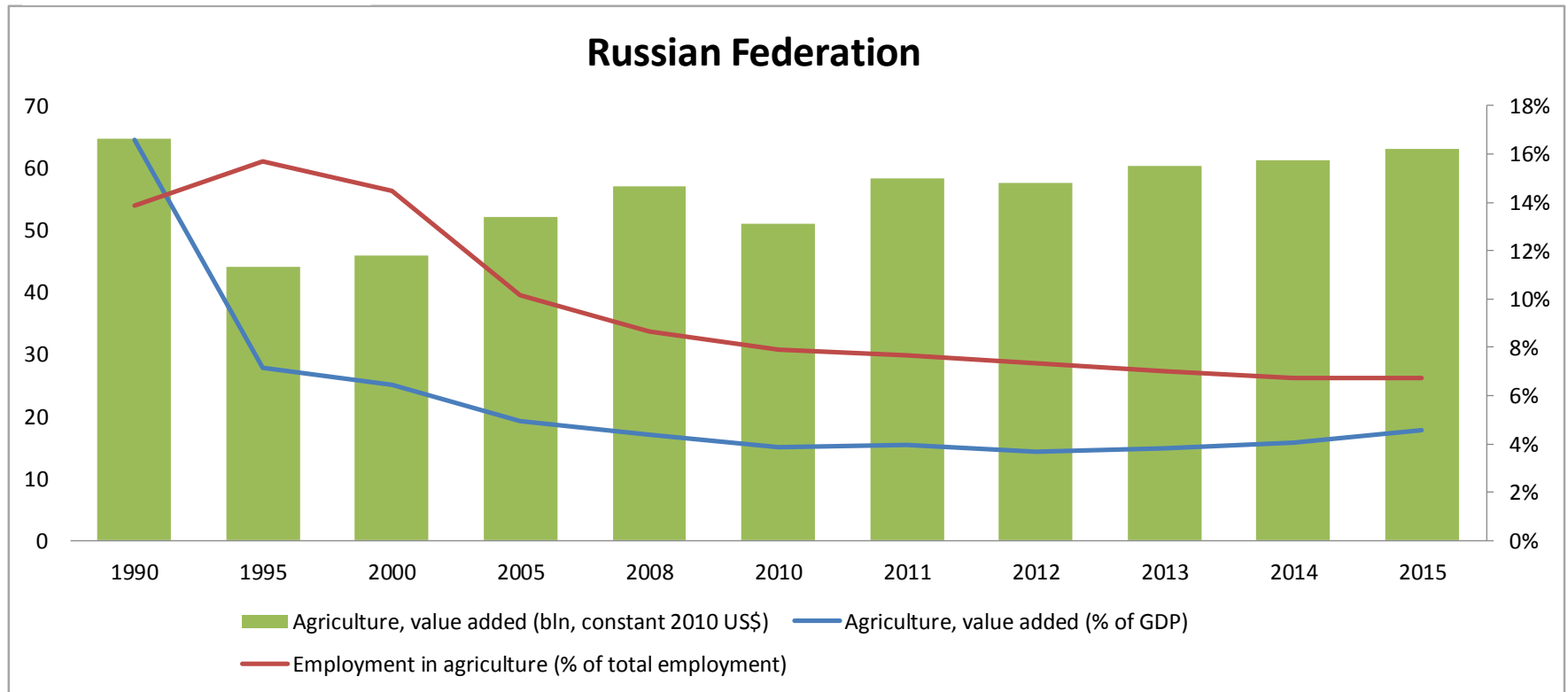


Source: World Development Indicators

# The role of agriculture



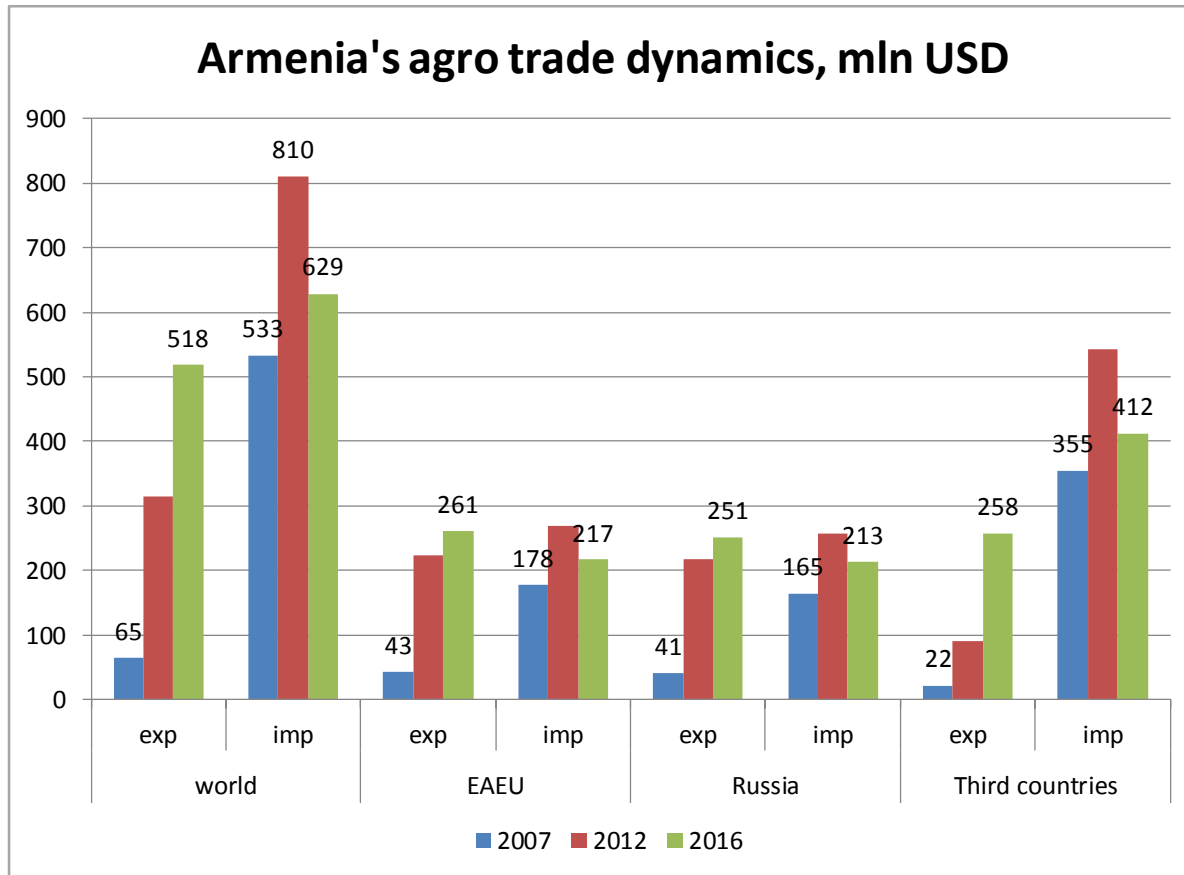
Area: 17098,25 (1000 sq. km)  
Population: 144 million  
Rural population: 38 million  
WTO member since 2012



Source: World Development Indicators



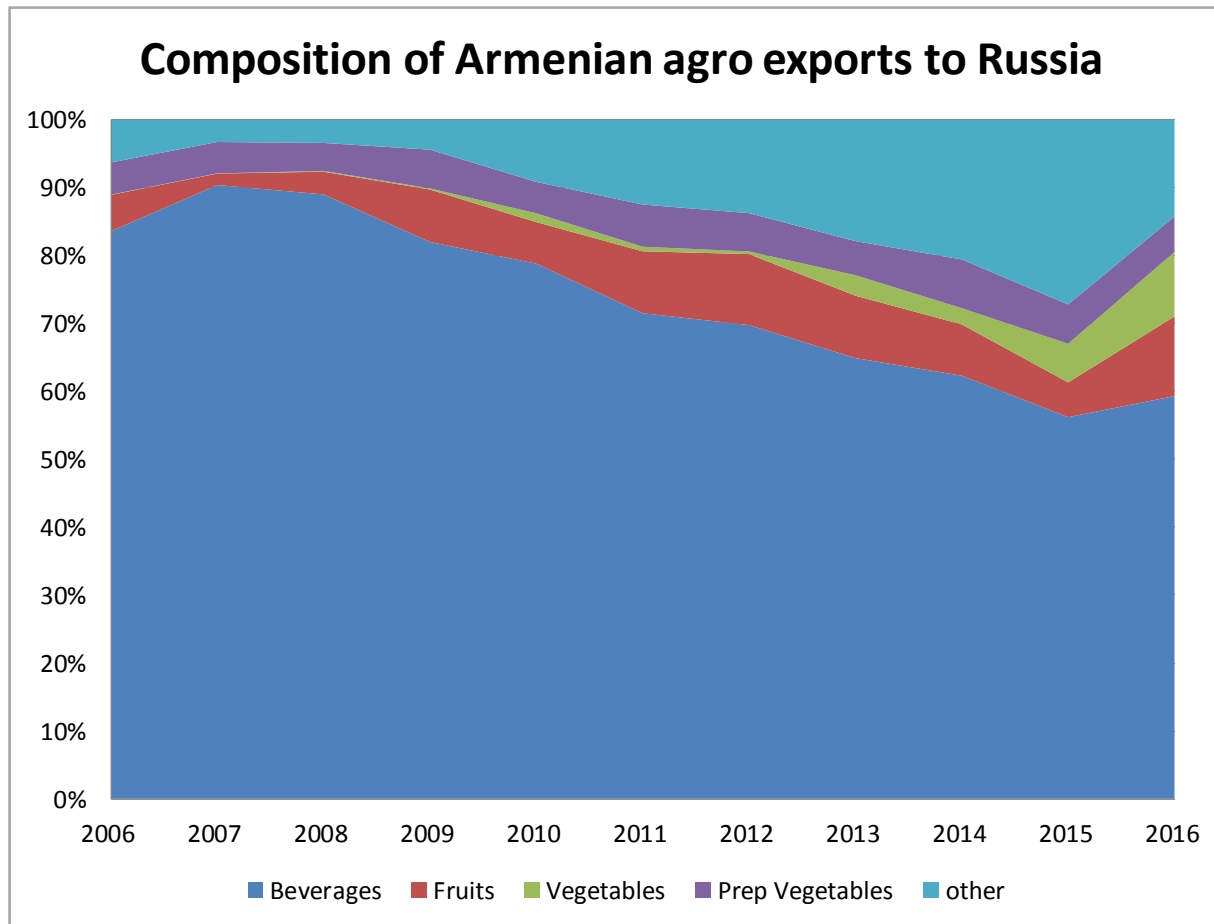
# Agricultural trade: Armenia



Source: UN Comtrade

Russia is Armenia's main single trading partner with 33% agro imports originating only from Russia

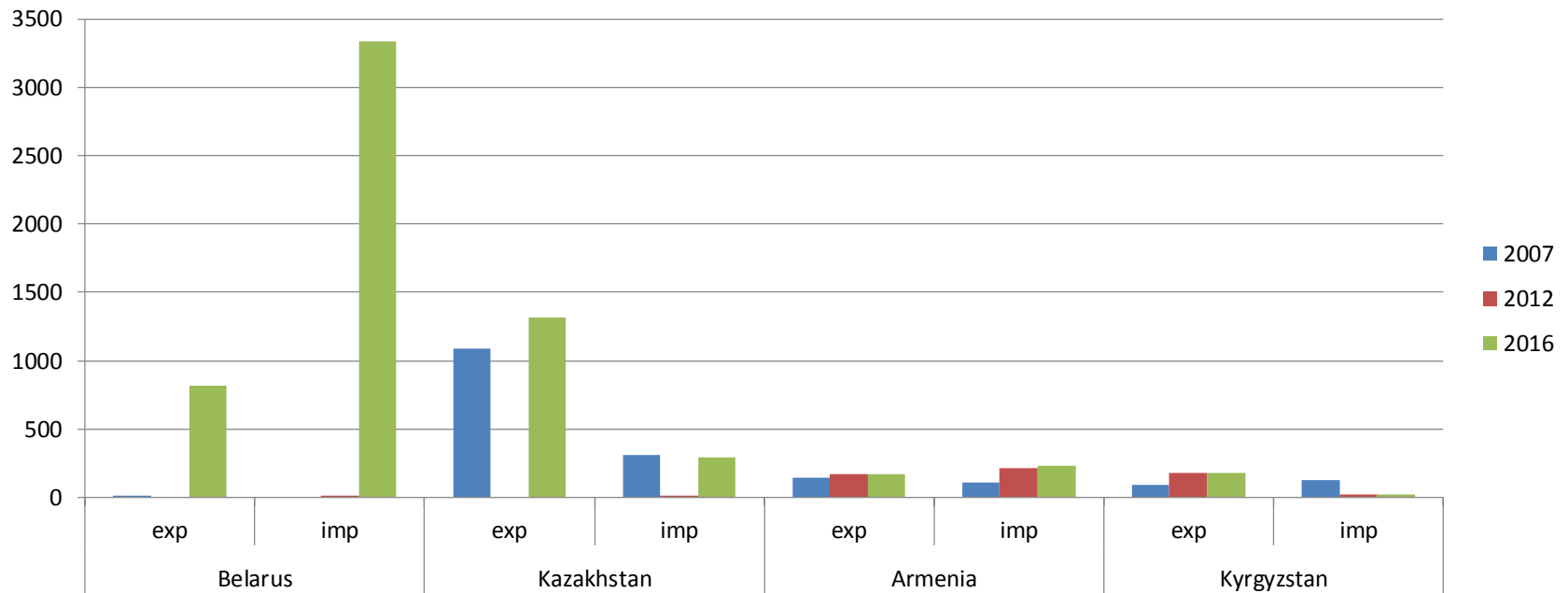
The share of imports from third countries is 66%



Beverages are the main agro products imported from Armenia, 8% of Russia's total imports in this product group and 40% of Armenia's total agro exports

Source: UN Comtrade

## Russia's agricultural trade (mln. USD)



Source: UN Comtrade

# Armenia's EAEU tariff transition schedule for selected products

| Item          | Rate of import customs tariff<br>(as a percentage of customs value or in Euros or in US dollars) |          |          |          |          |          |          |
|---------------|--|----------|----------|----------|----------|----------|----------|
|               | for 2015   | for 2016 | for 2017 | for 2018 | for 2019 | for 2020 | for 2021 |
| Meat, swine   | 10   | 10       | 10       | 10       | 10       | 10       | 15       |
| Meat, beef    | 10   | 10       | 10       | 10       | 12,5     | 15       | 25       |
| Meat, poultry | 10   | 10       | 14       | 18       | 22       | 25       | 50       |
| Cereals, rice | 0  | 0        | 0        | 0        | 3        | 6        | 8        |

Gradual transition of appx 150 tariff lines

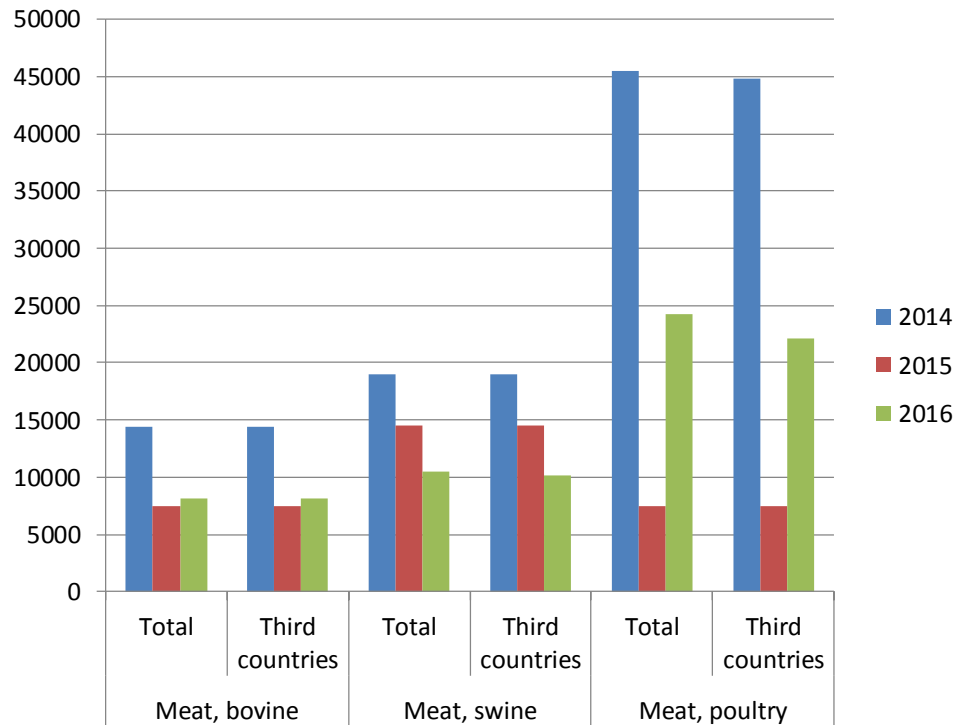
1,13 % of customs duties from imports of goods to the EAEU

Source: EEC Council Decision No. 113

| Part A.2 Tariffs and imports by product groups |                    |                   |     |                 |                    |                   |     |               |                   |
|--|--------------------|-------------------|-----|-----------------|--------------------|-------------------|-----|---------------|-------------------|
| Product groups                                 | Final bound duties |                   |     |                 | MFN applied duties |                   |     | Imports       |                   |
|  | AVG                | Duty-free<br>in % | Max | Binding<br>in % | AVG                | Duty-free<br>in % | Max | Share<br>in % | Duty-free<br>in % |
| Animal products                                | 14.9               | 0                 | 15  | 100             | 7.6                | 24.2              | 10  | 2.3           | 4.1               |
| Dairy products                                 | 15.0               | 0                 | 15  | 100             | 10.0               | 0                 | 10  | 0.9           | 0                 |
| Fruit, vegetables, plants                      | 15.0               | 0                 | 15  | 100             | 9.4                | 6.5               | 10  | 1.7           | 4.8               |
| Coffee, tea                                    | 14.2               | 0                 | 15  | 100             | 9.6                | 4.2               | 10  | 1.9           | 5.1               |
| Cereals & preparations                         | 15.0               | 0                 | 15  | 100             | 5.8                | 42.3              | 10  | 5.0           | 77.5              |
| Oilseeds, fats & oils                          | 13.4               | 11.0              | 15  | 100             | 6.0                | 40.4              | 10  | 1.8           | 16.5              |
| Sugars and confectionery                       | 14.7               | 0                 | 15  | 100             | 8.1                | 18.8              | 10  | 1.5           | 2.6               |
| Beverages & tobacco                            | 15.0               | 0                 | 15  | 100             | 7.5                | 15.2              | 15  | 3.1           | 16.8              |
| Cotton   | 15.0               | 0                 | 15  | 100             | 0.0                | 100.0             | 0   | 0.0           | 100.0             |
| Other agricultural products                    | 14.6               | 0.8               | 15  | 100             | 3.3                | 67.2              | 10  | 0.7           | 86.7              |

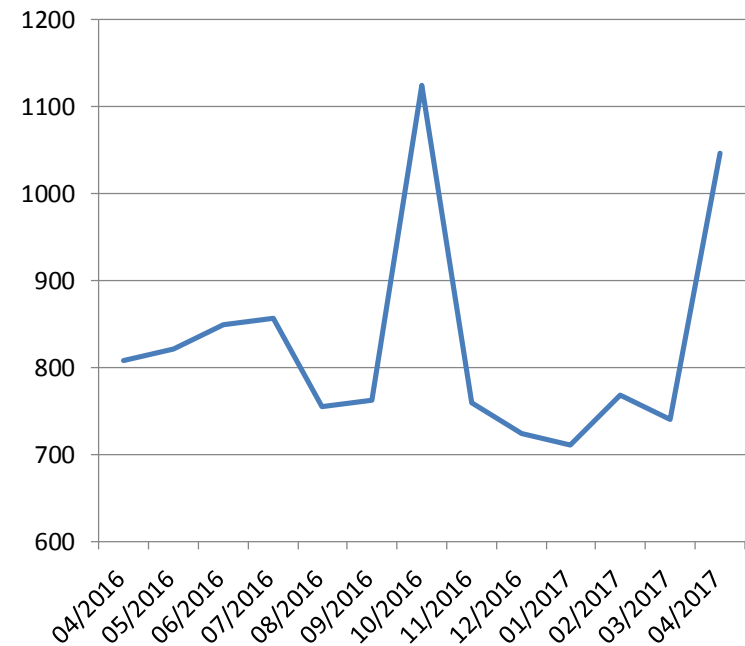
Source: WTO tariff profiles

## Armenian imports dynamics for selected products, 1000 USD

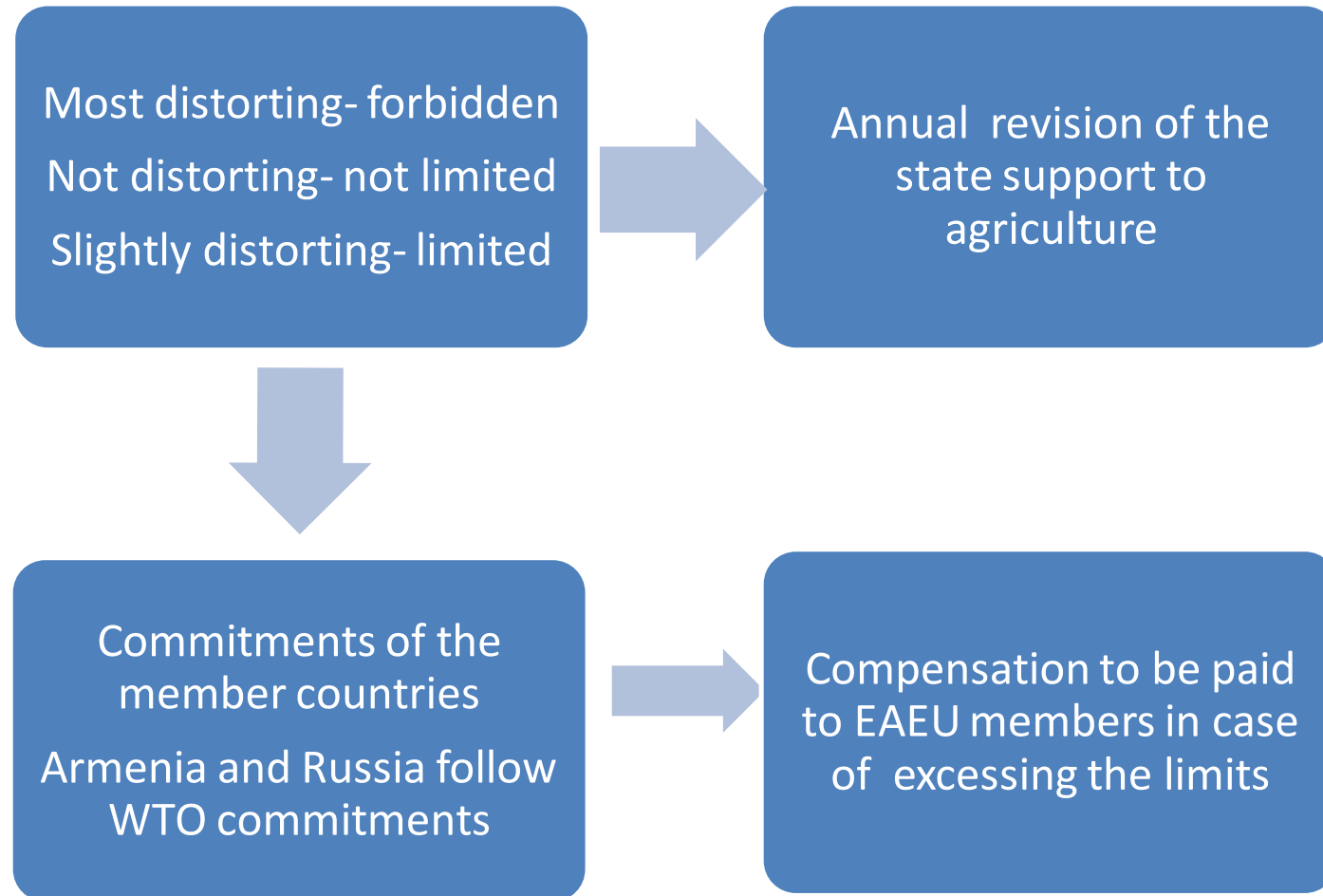


Source: UN Comtrade

## USA poultry exports to Armenia, monthly unit value, USD



Source: Global Trade Atlas



GATT article XXVIII : long procedure and usually not the case for renegotiating a significant part of WTO commitments

Negotiate together with a representative of a EAEU

WTO member countries are obliged to consider the modification as a goal of forming a customs union (in contrast to a single country applying for tariff lines modification)

If the negotiations are not conclusive within a **reasonable period**, the customs union has the right to **raise the tariffs** regardless

- It is yet too early to say how successful EAEU will be in terms of agricultural trade facilitation
- Armenia has been enjoying free trade with all the EAEU members prior also prior to joining hence no export expansion is expected to EAEU markets
- Approximately 60% of Armenian agro imports come from non-EAEU member countries
- Joining EAEU and committing to the CET schedule will significantly raise Armenia's currently applied tariffs and cause "trade diversion"
- Free labor movement and increased remittances is seen as the compensation that Armenia will pay for the tariffs raise



**Thank you for your attention!**