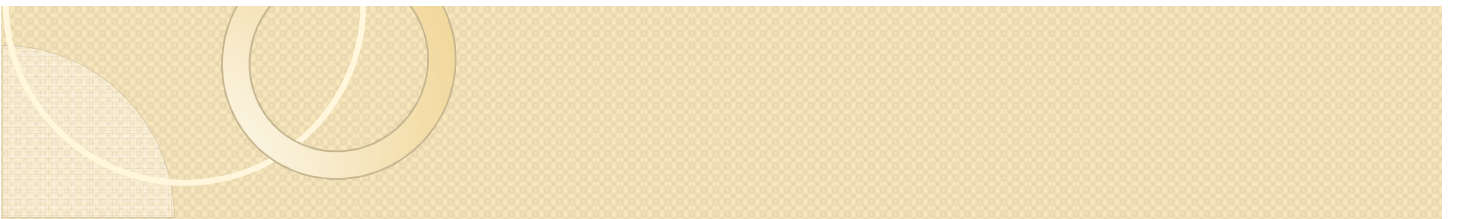




Current situation and potential effects of trade liberalization between EU and EAEU

Diana Galoyan





EAEU benefits

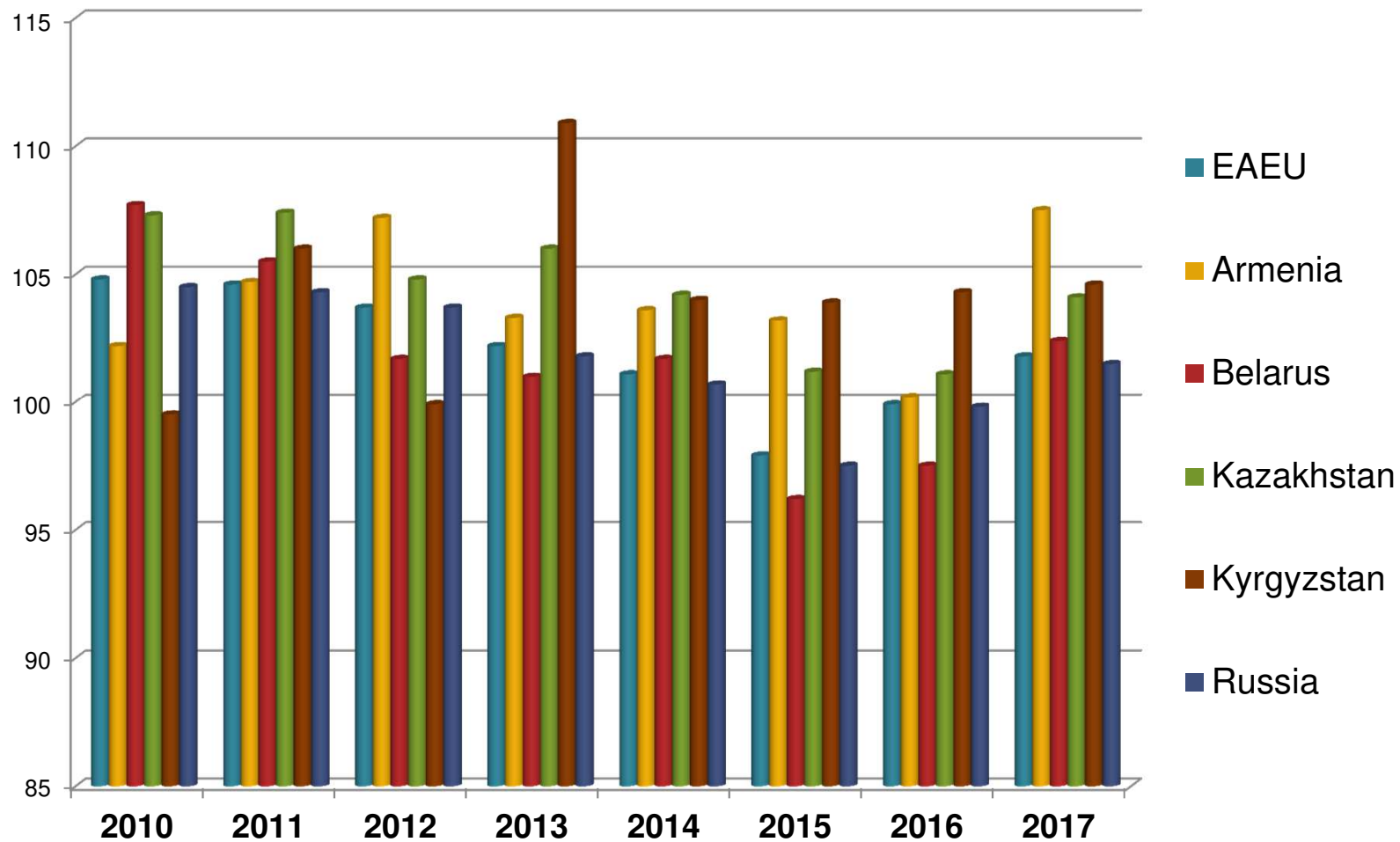
- First, the EU is the largest trade partner for Armenia, Russia and Kazakhstan: more than one half of the Russian Federation's trade volume is attributable to the EU; and Russia, in turn, is the European Union's third largest trade partner.
- Second, the EU could play the decisive role in modernizing the countries in the Eurasian integration project.



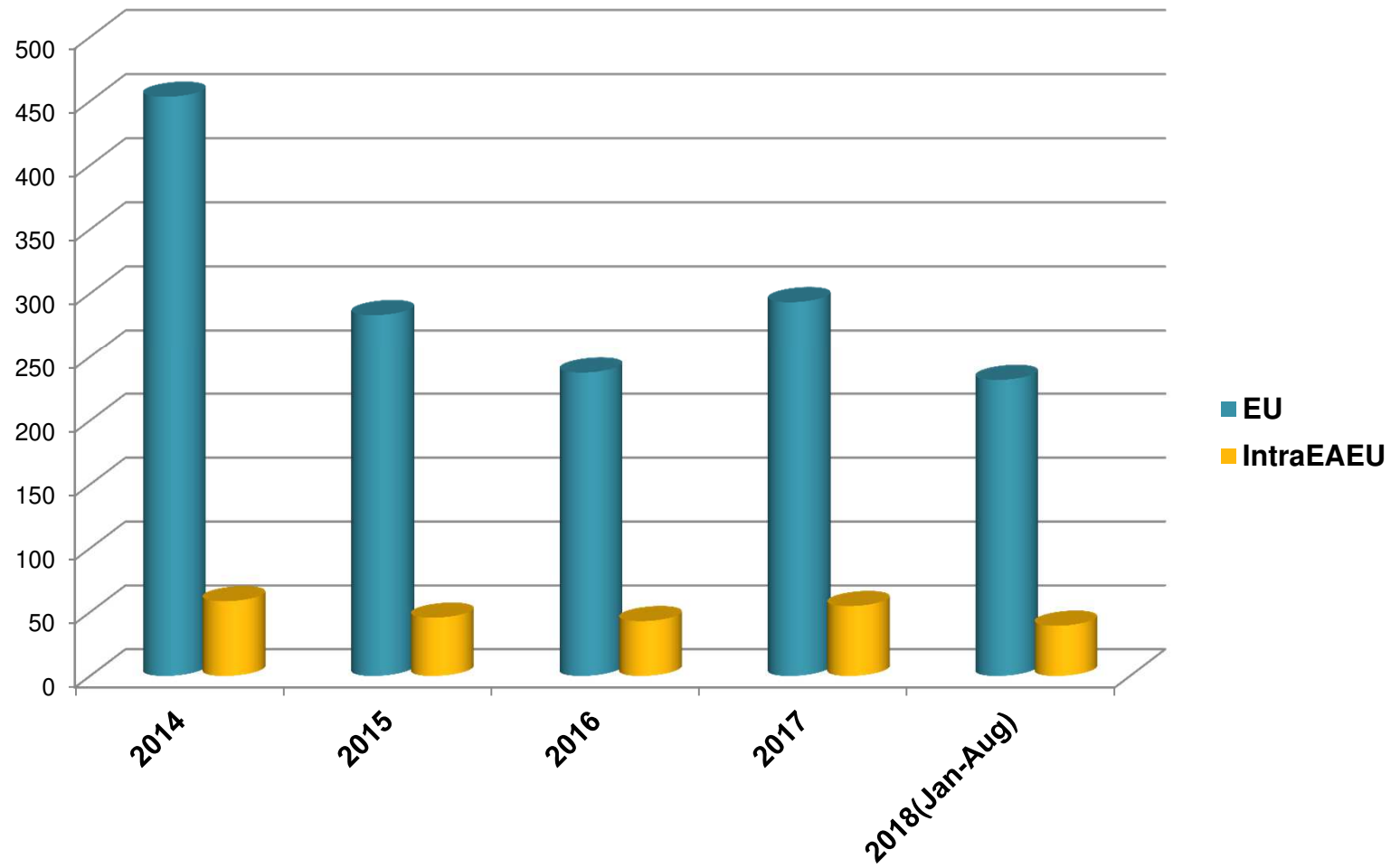
EU Benefits

- The EAEU has a large market for the export of EU manufactured goods and food products (over 184 mln people)
- The EAEU is a source of cheap resources (oil, gas, coal, lumber, metals, etc.) which is very important for keeping the EU economy competitive in the global market.
- The EAEU has a relatively high-qualified labor force.

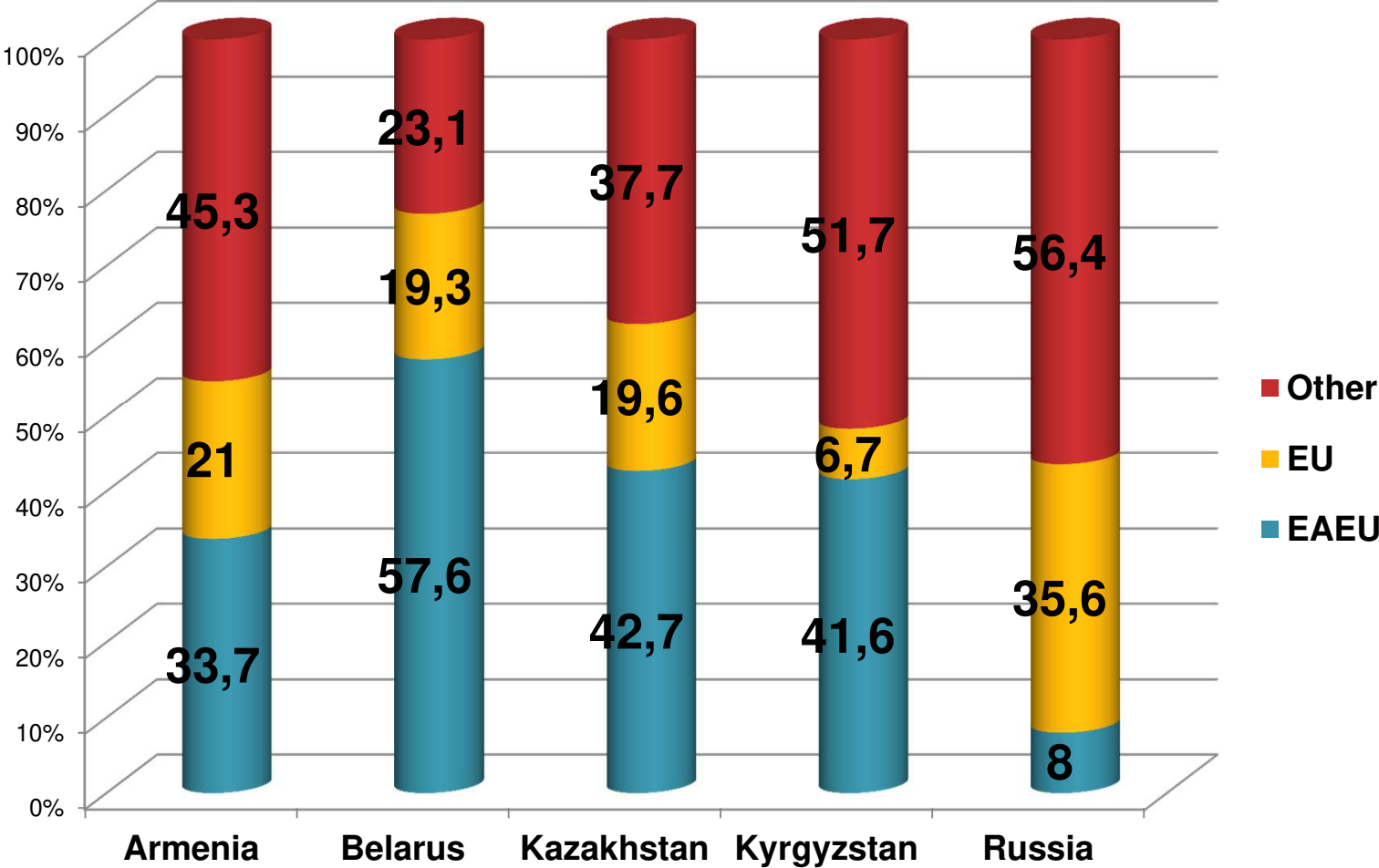
Volume Indices of GDP of EAEU



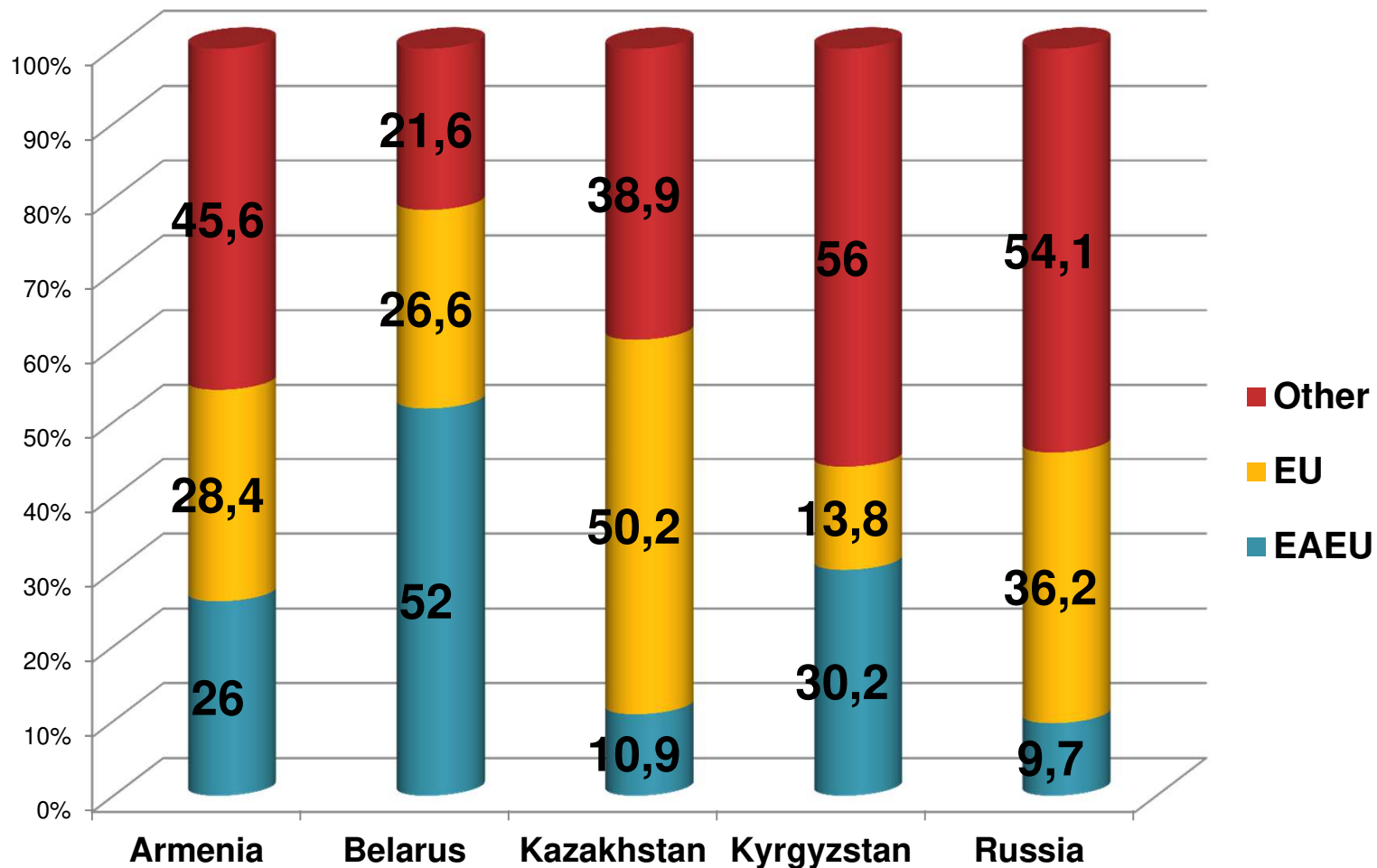
EAEU trade



EUEA member state import structure



EUEA member state Export structure





Neighborhood benefits

- The three Baltic states: An increase of exports to the EAEU by 80%. GDP growth by 1.2% to 1.8%.
- Poland: An increase of exports to the EAEU by 70%. GDP growth by 0.5%.
- Ukraine: An increase of overall exports by 26%. GDP growth by 5%.
- Moldova: real GDP per capita in Moldova would increase by 6.3%

FK coefficient

$$FK = 1 - \frac{1}{2} \sum_{i=1}^n \left| \frac{X_{ia}}{\sum i X_{ia}} - \frac{X_{ib}}{\sum i X_{ib}} \right|$$

Country	Export FK coefficient of Armenia	Import FK coefficient of Armenia
Russia	0.08	0.49
Belarus	0.10	0.50
Kazakhstan	0.07	0.55
EU	0.14	0.50



Conclusion

- creation of a free trade zone will allow the European Union to have privileged access to an important export market.
- the abolition of duties under the free trade agreement between the EU and the EAEU in short term might not have a positive effect,
- the establishment of EU – EaP – EAEU negotiation platform might help to find common and mutually acceptable approaches to such issues as technical regulations, customs procedures and rules of origin.



Thank you