

THE EURASIAN ECONOMIC UNION



Stages of the Eurasian integration project

Year 2015

Establishment of the **Eurasian Economic Union**
- An economic union incorporated as an international legal body with its relevant institutions

Free Trade Area

1992-1999 – Operates on the basis of bilateral and multilateral agreements

2011 – Treaty on the Free Trade Area within CIS

2010

Establishment of the **Customs Union**

- Single customs code
- Single customs tariff
- Single customs territory
- Single system of tariff and non-tariff regulation

2012

Establishment of the **Single Economic Space**
- 17 framework agreements
- Establishment of the Eurasian Economic Commission as a supranational body

The Customs Union

A form of trade and economic integration of Member-States, that creates a unified customs territory, within which customs duties (other duties, taxes and charges having equivalent effect), non-tariff measures, safeguards, antidumping and countervailing measures do not apply in mutual trade. The CU has a common customs tariff set by the Eurasian Economic Union as well as the common trade policy towards any third party.



The Goal

Functioning of the Customs Union without exemptions and limitations after the transition period.

Functioning of the Customs Union

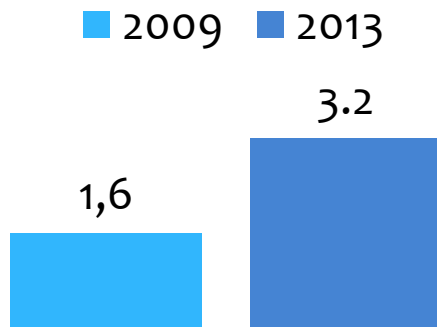
There is a single market for goods for all the Member States, which means free movement of goods between the territories of the Member States without customs declaration and other border control measures (e.g. sanitary, veterinary, phytosanitary control).

Within the Union, a single customs union regulation is operating in accordance with the Customs Code of the Eurasian Economic Union.

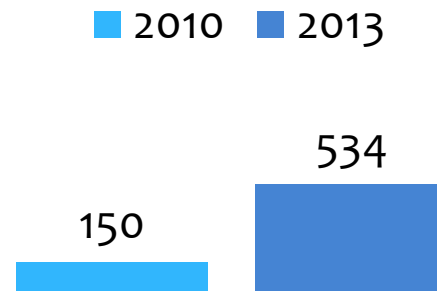
Trade with third parties is regulated through common measures, including through the Common Customs Tariff of the Eurasian Economic Union.

Member States do not apply import and export customs duties (other duties, taxes and charges having equivalent effects), non-tariff measures, safeguards, antidumping and countervailing measures as part of the functioning of the internal market in the mutual trade in goods.

Export RK to CU countries (billion USD)



Export volume of agricultural complex to CU countries (million USD)



Volume of economies of only 3 countries is **2,3 trillion USD**

Total volume of industrial production is **1,5 trillion USD**

Projected integration effect in the form of total GDP growth by 2030 is estimated at **900 billion USD**

*Since the establishment of Customs Union volumes of FDI in the manufacturing sector of Kazakhstan increased by **88 %** - **from 1,8 billion USD in 2009 to 3,4 billion USD in 2012.***

*Furthermore, the total volume of FDI in the above-mentioned period increased by **33%** - **from 21,4 billion USD to 28,3 billion USD.***

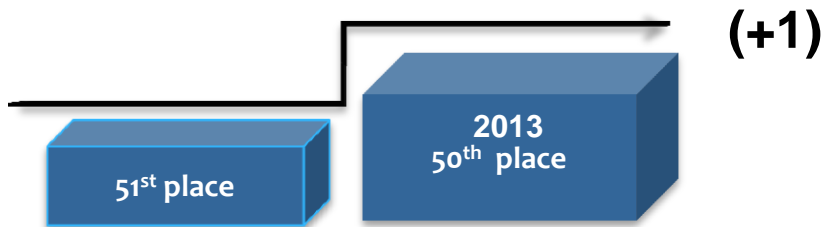
In the Republic of Kazakhstan there is more liberal tax policy and investment climate compared to its partners by Customs Union.

GROWTH OF KAZAKHSTAN'S IMAGE IN INTERNATIONAL RATINGS

World economic forum: Global competitiveness index
2013-2014
(148 countries)

Rating "Doing Business" 2013
(189 countries)

Ease of doing business



In 2013 world competitiveness index of International Institute for Management Development Kazakhstan is located at **34th position out of 60**

Investors Protection

22nd place

Registration of companies

30th place

The World Bank included Kazakhstan in the **list of 20 most attractive countries** in the world in terms of investment

The new package of incentives to investors

1. Additional measures of state support for investors under concluded contracts are introduced:

- *Exemption from CIT for 10 years;*
- *Exemption from land tax for 10 years;*
- *Exemption from property tax for 8 years;*
- *Compensation of up to 30% of capital costs of the investor from the state after commissioning (investment subsidy).*

2. Provides for the introduction of the “stability” of tax rates, charges and fees (excluding VAT and excise taxes) for a period of 10 years from the date of conclusion of contracts with investors.

3. Within the framework of the concluded contracts investors are entitled to employ foreign labor force for the entire period of construction of investment project and one year after commissioning, outside the quota and without permits.

4. To improve the investment climate by ensuring predictability of tariffs for the real sector of economy provide for approval of ceiling tariffs of natural monopolies for a long-term (5 years and more).

5. In order to protect the rights and interests of investors legislation introduced the institution of “investment ombudsman”.

According to statistics from 2005 to 2013 Kazakhstan's economy have attracted **183,9 billion USD** gross foreign direct investments

The main countries-investors, which attracted 76,8 % gross FDI in Kazakhstan for 2013 are:

Netherlands – 6 668,0 million USD (27,6%)
USA – 2 439,5 million USD (10,1%)
China – 2 182,8 million USD (9,0%)
Switzerland – 2 016,4 million USD (8,4%)
Russia – 1 300,7 million USD (5,4%)
Virgin islands – 1 122,8 million USD (4,7%)
France – 954,1 million USD (4,0%)
Belgium – 929,3 million USD (3,9%)
Great Britain – 902,7 million USD (3,7%)

For 2013 by economic activity most gross FDI inflows were directed to:

Scientific and technical activities
(conducting geological exploration and prospecting, research and development)
– **7,34 billion USD (30,4%)**

Mining industry and quarry
development– **7,27 billion USD (30,1%);**

Wholesale and retail trade – **3,1 billion USD (12,7%)**

Manufacturing industry– **2,8 billion USD (11,6%)**



Thank you for your attention!