



## TRADE POLICY REGIMES

### *2<sup>nd</sup> Workshop within the IIASA project*

### *“Challenges and Opportunities of Economic Integration within wider European and Eurasian Space”*

## WORKSHOP CONCEPT

8-9 July 2014

World-wide international economic policies during the last few decades have been exhibiting a rising interest towards regional integration in various new forms and diversity. Not only has the number of regional integration arrangements expanded, but, even more strikingly, their scope and depth have advanced in a spectacular manner.

The establishment of the Customs Union of Russia, Belarus and Kazakhstan (RBK-CU) in 2010 and its subsequent evolution into the Single Economic Space (SES) in 2012 represents a prominent current example of the regional economic integration in northern Eurasia. Authorities in the RBK-CU/SES envisage deepening this regional integration even further with the intention of establishing on their bases the Eurasian Economic Union (EEU). Other Commonwealth of Independent States (CIS) countries, in particular Kyrgyzstan and Armenia, also expressed an interest in joining these integration arrangements.

The International Institute for Applied Systems Analysis (IIASA) in Laxenburg, Austria has launched a project on **Challenges and Opportunities of Economic Integration within wider European and Eurasian Space**. The goal of this international and interdisciplinary research project is to discuss and analyse some issues of economic integration in both the EU- and RBK-CU/SES/EEU dimensions (‘from Lisbon to Vladivostok’), including the possibility of truly trans-continental dimensions (‘from Lisbon to Shanghai’, or Greater Eurasia). In the latter the European and Eurasian cooperation extends also to the key Asian players, such as China, Korea and Japan. The envisaged multidisciplinary approach of the project will include economic, institutional, political, energy, infrastructure and demographic aspects of Pan-European/Eurasian developments. The project has been discussed and aided by the Russian Academy of Sciences, the Eurasian Economic Commission, the Eurasian Development Bank, the European Commission and some other European institutions.

The two-year research project consists of a series of workshops at which specific aspects of integration will be discussed by scientists and stakeholders representing all interested regions, and follow-up discussion summaries, notes, opinion papers, position papers, and other publications will outline the state-of-the-art in this field and reflect on different futures.

On 6-7 March 2014, the first workshop entitled Methodologies for Assessing Effects of Regional Economic Integration took place at IIASA. It attracted about 30 recognized scientists, experts, stakeholders and policy-makers from, among others, The World Bank, the Eurasian Development Bank, the European Commission, the Russian Academy of

Sciences, several academic institutions and think tanks across the region, and they had a constructive discussion on how modeling can support policy by providing estimates of costs and benefits of certain regional integration scenarios, reviewed state-of-the-art in the modeling field of Pan-European/Eurasian economic integration, and discussed what ways new modeling can take to improve the currently available projections<sup>1</sup>.

The next step to be taken within the second workshop of the project is to explore, discuss and analyze the trade policies, conditions and practices in the region. Another important goal of the workshop is to learn from the experience of other countries that already passed the way of trade regimes alignment and other forms of deeper economic integration, most notably the European Union.

The analysis of such experiences could be very important for the development of further integration initiatives in the framework of the CU/SES as well as for the design of efficient and sustainable integration policies in the emerging Eurasian Economic Union. Once the EEU is established, its members will have to carry out common and coordinated policies beyond trade. Apart from the complex regulatory and governance issues in alternative integration arrangements, other challenges facing the integration on the Eurasian and wider European economic space relate to geopolitical, economic and sectoral heterogeneities in the region. Current frictions between Russia and the EU notwithstanding, the future trade linkages and other forms of integration between the EU and the EEU will become an important factor in shaping the Eurasian regional economic development and security for many years to come.

Any classification of regional economic integration is based on differentiated levels or degrees of integration depth: from the elimination of tariffs and non-tariff barriers (FTA), to the establishment of a common customs tariff (CU), from the freedom of movement of goods, to liberalizing services and labour force flows and, finally, to policy harmonisation and the regulatory unification (DCFTA, Single Market, etc).

Research and expert communities are now challenged to provide solid, independent and comprehensive support to policy-making on plausible future scenarios and optimal schemes of economic integration within the EEU, and between the EEU and its strategic partners, notably the EU.

The forthcoming second IIASA workshop on 8-9 July 2014 will focus on selected aspects related to trade, namely:

- (i) the assessment of current trade conditions between RBK-CU members, between the RBK-CU/SES/EEU and other CIS countries, between the RBK-CU/SES/EEU and the EU and also between the RBK-CU/SES/EEU and their partners in the east (China, Japan, Republic of Korea);
- (ii) the experience of the EU and lessons to be learned, most notably from the EU's experience in dealing with its Eastern and Mediterranean neighborhoods;
- (iii) the role of other integration arrangements and processes which either already exist or which may happen in the world, including SCO FTA, EU-India FTA, NAFTA-EU FTA, trans-Atlantic and trans-Pacific trade and investment agreements, as well as

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<sup>1</sup> More information can be found here:

[http://www.iiasa.ac.at/web/home/research/researchPrograms/AdvancedSystemsAnalysis/Eurasian\\_workshop.html](http://www.iiasa.ac.at/web/home/research/researchPrograms/AdvancedSystemsAnalysis/Eurasian_workshop.html)

the role of other international associations (e.g., ASEAN, EFTA, the League of Arab States, CEFTA, etc.);

- (iv) discussion of possible scenarios of future trade between the abovementioned regions and countries in a longer term perspective in selected sectors (manufacturing, network services, energy, agri-food and financial services); points of growth; potential liberalization measures; areas of convergence of economic interests and areas of disagreement; compliance with the WTO rules, etc;
- (v) discussion of specific issues such as (a) the issue of compatibility of simultaneous participation of a country in various integration processes (Serbia with its FTA with Russia and provisioned plans to enter the EU, Ukraine's DCFTA with the EU and economic ties with CIS countries); (b) objectives and first attempts of the RBK-CU to enter preferential trade regimes with partners outside its immediate vicinity, such as Vietnam, Israel and New Zealand.

The workshop will be organized around several background reports to be prepared and presented by members of the IIASA project "Challenges and Opportunities of Economic Integration within wider European and Eurasian Space" as well as selected invited experts. The reports will present policy and business perspectives. The latter will rely on the results of the case studies of several companies from the EU and CIS countries, who are involved in trade with multiple partners from those regions.