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Riku Niemi

The Eurasian Union –
much potential, little results



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Bank of Finland
BOFIT – Institute for Economies in Transition
PO Box 160
FIN-00101 Helsinki

Phone: +358 10 831 2268

Fax: +358 10 831 2294

Email: bofit@bof.fi

Website: www.bof.fi/bofit_en

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Riku Niemi

The Eurasian Union – much potential, little results

Abstract

Russia, Kazakhstan, and Belarus established the Eurasian Customs Union in 2010. Five years later, it became the Eurasian Economic Union. External tariffs have been harmonised and some internal trade barriers have been tackled. Most notably, internal border controls had been abolished by July 2011. This policy brief brings together facts and data on recent changes in trade-related institutions, trade barriers and trade flows across the internal and external borders of the Union. Trade barriers and flows are analysed at the level of product categories. The purpose is to identify the countries and sectors where the greatest trade creation or diversion is likely to have taken place and whether notable changes can be observed.

Keywords: Russia, Kazakhstan, Belarus, trade policy, tariffs, foreign trade, integration, foreign direct investment

JEL codes: F13, F15, F53, P33

Riku Niemi, Aalto University. E-mail: riku.niemi@aalto.fi

Trends in trade barriers, foreign trade flows and foreign direct investment of Russia, Kazakhstan and Belarus before and after the establishment of the Eurasian Customs Union in 2010

Introduction

Ever since the collapse of the Soviet Union, there have been repeated attempts to reintegrate the newly independent republics economically and politically. The Eurasian Customs Union (EACU), established in 2010, and its successor, the Eurasian Economic Union (EAEU), established in 2015, are the latest such attempts. The Eurasian Union¹ is called ‘Eurasian’ mainly because its members are located in both the European and the Asian parts of the Eurasian continent. However, this name choice is also in line with Eurasianism, an ideology that was popular among the Russian diaspora in the 1920s and surfaced again in the 1990s (Papava 2015). It presents Russia as the centre of the continent connecting Western and Eastern lands. Similar ambitions are associated with the current union project, which includes as possible future members and partners countries beyond the borders of the former Soviet Union.

Many authors and institutions have tried to evaluate the impact of these unions. Isakova, Koczan, and Plekhanov (2013) looked at the immediate effects of tariff harmonisation and came to the conclusion that tariff increases had led to some diversion from Chinese to Russian imports in Kazakhstan. For Russia and Belarus, they did not find major changes. World Bank (2012) developed a computable general equilibrium model of Kazakhstan’s economy to study the probable effects of the EACU. Their most optimistic scenario led to only a small positive net effect for Kazakhstan. Carneiro (2013) concludes that the EACU was a step in the right direction, but that the possible gains will only materialise when non-tariff barriers are tackled and market-oriented institutions become stronger.

To give an update on the current situation, this policy brief brings together facts and data on recent changes in trade-related institutions, trade barriers and trade flows across the borders of Russia, Kazakhstan and Belarus. Even though Kyrgyzstan and Armenia joined the EAEU in 2015, this policy brief concentrates mostly on the original EACU trio, which constitutes the prime mover of ‘Eurasian’ economic integration.

The EACU was established in the midst of a global recession. During the period of transition, macroeconomic trends and exchange rates seem to be overwhelmingly more important determinants of trade flows than subtle institutional changes². However, there are some noteworthy trends, especially in Kazakhstan's imports. Throughout this policy brief, causality is noted wherever this seems plausible.

The first section outlines the quarter-century-long process of economic reintegration in the institutional vacuum – or merely disarray – left behind by the Soviet Union. The purpose of this section is to blur the possibly too-sharp contrast in the reader's mind between the periods before and after the establishment of the EACU. Although the first section encompasses the whole post-Soviet space, the rest of the policy brief will consider only Russia, Kazakhstan and Belarus.

The second section summarizes recent changes in trade barriers on and within the borders of Russia, Kazakhstan and Belarus. The purpose of this section is to identify the countries and sectors where the greatest trade creation or diversion is likely to have taken place.

The third section describes trends in the EACU trio’s external trade and foreign direct investment during the last decade. The purpose of this section is to identify the industries in which major changes have indeed taken place and to see whether they match those identified in the second section.

The fourth section offers concluding remarks.

¹ In what follows, both may be referred to with this common name.

² See Appendices 11 and 12.

1 Institutional framework

1.1 Commonwealth of Independent States (CIS)

As the Soviet Union collapsed, its constituent republics ceased to be bound together by a central economic plan. To manage the disintegration of the socialist state and maintain those trade links that were worth preserving, twelve former Soviet republics (all except the three Baltic states) formed the Commonwealth of Independent States (CIS) in 1991.

In 1993 and 1994, the CIS countries attempted to form an economic union (Wolffgang et al. 2013). A series of treaties culminated in the establishment of a free trade zone and a payment union in 1994 and a customs union in 1995. Most of the treaties were only partially enforced if at all. Tariffs on intra-CIS trade were all but abolished during the next two decades through bilateral and multilateral free trade agreements. This complex web of agreements was replaced in 2011 by the multilateral CIS Free Trade Agreement (CISFTA), which has entered into effect in all the CIS countries except Tajikistan.

1.2 Eurasian Economic Community (EurAsEC)

Because CIS members could not agree on the next steps in the mid-90s, smaller groups of countries continued to press on with further integration. In 1996, Russia, Kazakhstan, Belarus and the Kyrgyz Republic formed a customs union of their own. In 2000, Tajikistan joined and the union was dubbed the Eurasian Economic Community. Uzbekistan joined in 2005, only to withdraw in 2008. The Russian tariff code was adopted – some say ‘imposed’ – as the common external tariff. This did not change much for Belarus, whose tariffs were already close to Russia's high levels. In Central Asian states, by contrast, tariffs clearly went on the rise. According to David Tarr (2015), the adoption of the common tariff led to major rent transfers from Central Asian states to Russia. The more the Central Asians took on the Russian tariff regime, the fewer were the alternatives to goods manufactured within the tariff union that remained within their reach. When it dawned on them how costly it was to lose touch with external suppliers, they slowed their pace of integration and one-by-one ended it. In the end, tariffs were harmonized over just 50 to 60 per cent of the tariff lines. Each country avoided implementation of the tariff changes that were most disadvantageous to itself.

The Eurasian Economic Community never made progress beyond this moderate level of tariff harmonization. The organisation formally existed until October 2014, but it had lost its edge earlier. During its last years, the main function of its hollow institutional structure was to serve as a template for the following versions of the union and a platform for planning them.

1.3 Eurasian Customs Union (EACU or ECU)

By the time it had become obvious that the Eurasian Economic Community was not going to succeed, efforts were already underway to wipe the slate clean and build a new edifice. In 2007, Russia, Kazakhstan and Belarus signed a treaty on yet another customs union and established the Customs Union Commission to facilitate the transition. The treaty materialised in 2010, when the Eurasian Customs Union was established and its common external tariffs came into force. Notably, external tariffs were not applied to imports from other CIS countries due to pre-existing free-trade agreements.

Although Russia granted some concessions to its partners (Mkrtchyan and Gnutzmann 2013), the common tariff code was again largely based on the Russian code, and this time tariff harmonisation was actually implemented. Also Kazakhstan, which negotiated transition periods for some of its most sensitive import products, followed through on its commitments.

1.4 Common Economic Space (CES) or Single Economic Space (SES)

Following the conventional timeline of economic integration, the next step was the establishment of a common market in which goods, services, people, and capital could move freely. On paper, this was achieved in 2012 via the formation of the Common Economic Space (CES) or Single Economic Space (SES).

1.5 Eurasian Economic Union (EAEU or EEU)

Despite the fact that the common market did not yet (and still does not³) function properly, the process of economic integration was fast-forwarded to the next phase – economic union. At the start of 2015, the EACU and the last remains of the EurAsEC (the economic court and the commission) were fused together to form the Eurasian Economic Union. Kyrgyzstan and Armenia joined the original trio in 2015.

There are differing opinions on the impressiveness of progress so far and on the future of the union (Daly (2015), Roberts et al. (2014)). Some talk about failure and regression; some about the upcoming monetary union. Russian leaders would like to press on with integration; Kazakh and Belarusian leaders are more sceptical (Roberts et al. 2014, Laruelle 2015). The waiting queue at the EAEU's gates is short; only Tajikistan, which was a member of the EurAsEC, is currently negotiating on the terms of accession (Olimova 2015)⁴. Ukraine was close to joining but now is unlikely to join. Ukraine, Moldova, and Georgia signed association and free-trade agreements⁵ with the European Union in June 2014.

At least in its Transition Report of 2012, the European Bank for Reconstruction and Development (EBRD) saw in the Eurasian Union some potential for increasing trade and consumer choice; for providing scale benefits to regional producers; for serving as a stepping stone to global markets for local producers; for facilitating cross-border production chains that would allow member states to leverage each other's comparative advantages; for helping to strengthen economic and political institutions; and for furthering the liberalisation of service trade and lowering entry barriers. However, much of this potential is yet to materialise.

2 Trade barriers

2.1 Import tariffs

The most visible effect of the Eurasian Customs Union was the adoption of a common external tariff. The tariff was not applied to imports from other CIS countries because these countries were protected by bilateral free trade agreements. These agreements all but abolished tariffs on intra-CIS trade a few years earlier.

Belarus's tariffs were already largely aligned with those of Russia, except for tariffs on food. By contrast, Kazakhstan was still far from full harmonisation with Russian tariffs, a process that had been launched within the framework of the EurAsEC (Figure 1). It is fair to say that tariffs rose across the board in Kazakhstan, because the significance of those commodity lines whose tariffs were reduced is relatively small in trade-weighted terms.⁶

The recent downward trend in all member states' trade-weighted average tariffs is due to the commitments Russia made upon accession to the World Trade Organisation (WTO) in 2012. The

³ See 2.2. Non-tariff barriers.

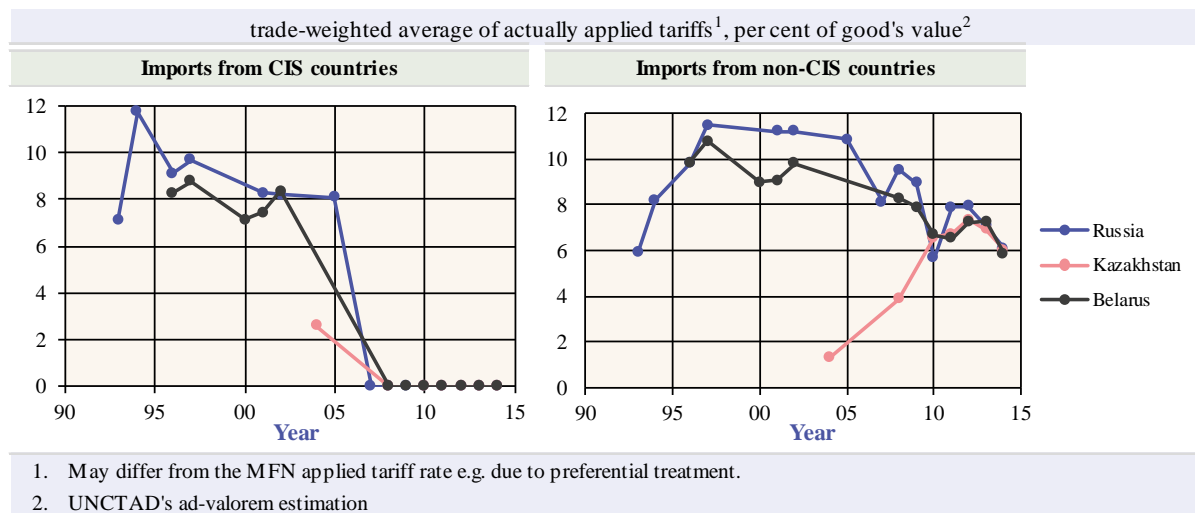
⁴ See also Foreign Affairs: 'Tajikistan's Russian Dream: Letter from Dushanbe', 11 May 2015.

⁵ Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA)

⁶ See Appendices 1-4 for a closer look at changes in tariffs in each country.

tariff code of the Eurasian Union has since been updated annually to keep up with those commitments. During the transition period from 2012 to 2019, Russia's unweighted average tariff⁷ is set to fall from 10 per cent to 7.6 per cent (WTO 2011). Consequently, a major part of the tariff increases that Kazakhstan has implemented will be reversed.

Figure 1 Tariffs on imports to Russia, Kazakhstan, and Belarus



Source: UNCTAD

It remains to be seen what Kazakhstan's accession to the WTO (on 30 November 2015) will mean as regards the common tariff code. According to the commitments Kazakhstan made upon accession, the unweighted average of its bound tariffs will fall to 6.1 per cent (WTO 2015). The reason why Kazakhstan's commitments are not aligned with the current EACU tariff code and Russia's commitments is that the accession negotiations were started already in the 1990s, when Kazakhstan's tariffs were considerably lower. Still a decade ago, Kazakhstan's average tariff was around two per cent. In the near future, either the common external tariffs will be lowered or Kazakhstan will not meet its commitments.

It is possible that harmonisation will not be very problematic. There are commodity lines where the applied tariffs are lower than the bound tariffs. As the commitments concern bound tariffs, there is some room for harmonisation without changes to effective trade barriers. If the bound rate were to be brought down to the level of the applied rate on a certain commodity line, domestic producers within the EAEU would still enjoy the same level of protection. On the other hand, even if the bound rate were to remain high, there would be only limited damage from violation of the commitment to

⁷ This commitment refers to the *simple*, or *unweighted*, average of *bound* tariffs on different commodity lines (i.e. groups). These averages differ from the *trade-weighted* averages of *actually applied* tariffs, which are used as indicators in Figure 1 and elsewhere, for two reasons. First, the bound rate on a certain commodity line is the maximum tariff rate that a country can, under its international commitments, impose on imports of that commodity from another country; the actually applied rate may be lower, if the country so chooses. Even when the two rates differ, WTO rules require that both the bound and applied rates be in principle the same for all WTO member countries. The most-favoured nation (MFN) rates (i.e. the lowest rates granted to any WTO member) have to be extended to all WTO members. However, there are exceptions that enable some countries to enjoy even lower rates than the MFN rate. Preferential treatment (i.e. a lower, *preferential tariff* rate) is allowed, for example, if the exporter and importer have formed a free-trade area or a customs union or the exporter is a developing country. Second, unweighted tariff averages give equal weight to all commodity lines (in the same tier), whereas weighted averages weigh each product-source pair based on the volume of imports in each period. In addition, whenever tariffs have not been fixed as a certain proportion of the good's value, some assumptions and calculations are needed to estimate the average ratio of the tariff to the good's value. Different methodologies produce different results.

third parties, provided the applied rate remains low. Thus, the compensations Kazakhstan would be liable to pay in these cases might not be exorbitant.

2.2 Non-tariff barriers

The establishment of the Eurasian Customs Union and the Common Economic Space led to some improvement in the intra-Union trade environment. Border controls were discontinued at the Russian-Belarusian border in January 2010 and at the Russian-Kazakh border in July 2011. In December 2014, however, Russia and Belarus unofficially resumed controls on their mutual border due to trade disputes over, among other issues, Western food products subject to Russian sanctions. Russia claims that Belarusian firms re-export them to Russia under the guise of Belarusian brands or under the false claim that they are on transit to Kazakhstan⁸. Both parties have imposed import bans on some of each other's products. Some of the bans have been justified by alleged violations of sanitary standards.

Despite some progress, many trade barriers are still firmly in place. National regulatory systems as such are major trade barriers. Superficially, the regulatory systems of CIS countries are similar, as they are all largely based on the Soviet-era regulatory system, GOST. The problem is that the system regulates in detail the process of production as well as the properties of the final products, even when health and safety concerns are not at issue. This makes lobbying and negotiations with regulators necessary for the profitable conduct of business (Tarr 2015).

Through the establishment of the EACU, the regulating authority was transferred from member states to the Eurasian Economic Commission (EAEC). This would seem to be a justifiable and natural step in the process of economic integration for at least two reasons. First, a supranational body is probably less inclined to favour certain producers – at least based on their nationality alone. Second, harmonization of national regulations through negotiations and coordination between national regulators would be an endless process. In the short term, however, the regulatory system seems to have worsened as negotiations with regulators have become more time consuming (Tarr 2015).

According to a 2015 survey by the Eurasian Economic Commission of more than 500 exporting enterprises in Russia, Kazakhstan and Belarus, non-tariff barriers to trade *within the Union* are still high, in some industries prohibitively so (EAEC 2015). The report does not reveal how non-tariff barriers have changed since this was not asked of the respondents and since the survey has not been conducted previously. Nonetheless, the results clearly suggest that the expectations and high hopes of speedy economic integration have not materialised so far. Even after allowing for large errors and estimation biases, the tariff equivalents of non-tariff barriers to trade within the Union seem to dwarf the tariffs.

In addition to the actual contents of regulations, the height of the barriers is related to the manner in which they are implemented. Especially sanitary and phytosanitary (SPS) conditions and technical barriers to trade (TBT) give officials of all member states leverage in their various dealings with enterprises.

Overall, the highest trade barriers were found to apply to Kazakhstani exports, especially to Belarus. This is also the direction in which the least goods are traded among the three countries.

The non-tariff barriers to trade within the EACU that were found to be the highest were SPS measures, measures affecting competition, technical requirements and price control measures. Apart from these barriers, which are common to all member states, restricted access to government procurement and SPS measures are perceived to significantly impede exports to Russia and Kazakhstan whereas exports to Belarus are impeded by regulations concerning payments for imports.

The industry in which non-tariff barriers had the most significant impact on all the trade flows was the manufacture of machinery and equipment. For Russian exporters, the costs of exporting agricultural products to Belarus and electrical equipment to Kazakhstan were even higher. For

⁸ See Financial Times: 'Russia: Dangers of isolation', 8 January 2015.

Kazakh firms, the costs of exporting chemicals and related products and metals to Russia were among the highest.

3 Foreign trade and foreign direct investment

3.1 Comparison of Russia, Kazakhstan and Belarus

The EACU trio is composed of one big economy and two smaller ones. Russia's gross domestic product is almost ten times that of Kazakhstan, and roughly thirty times that of Belarus. Russia and Kazakhstan rely on the use of natural resources, among which oil, gas, and metals are the most important. The contrast to Belarus is stark: while natural resource rents make up around 20 per cent of Russia's and 30 per cent of Kazakhstan's GDP, the corresponding figure for Belarus is close to 2 per cent.

Table 1 Comparison of Russia, Kazakhstan, and Belarus, 2014

	Russia	Kazakhstan	Belarus	
Population	143.5	17.3	9.5	<i>million</i>
GDP	1860.6	212.2	76.1	<i>billion U.S. dollars</i>
Exports	30.2%	39.8%	58.0%	<i>relative to GDP</i>
Goods	26.8%	36.9%	47.8%	
Services	3.5%	3.0%	10.2%	
Imports	22.9%	25.4%	60.9%	<i>relative to GDP</i>
Goods	16.6%	19.4%	53.6%	
Services	6.4%	5.9%	7.4%	

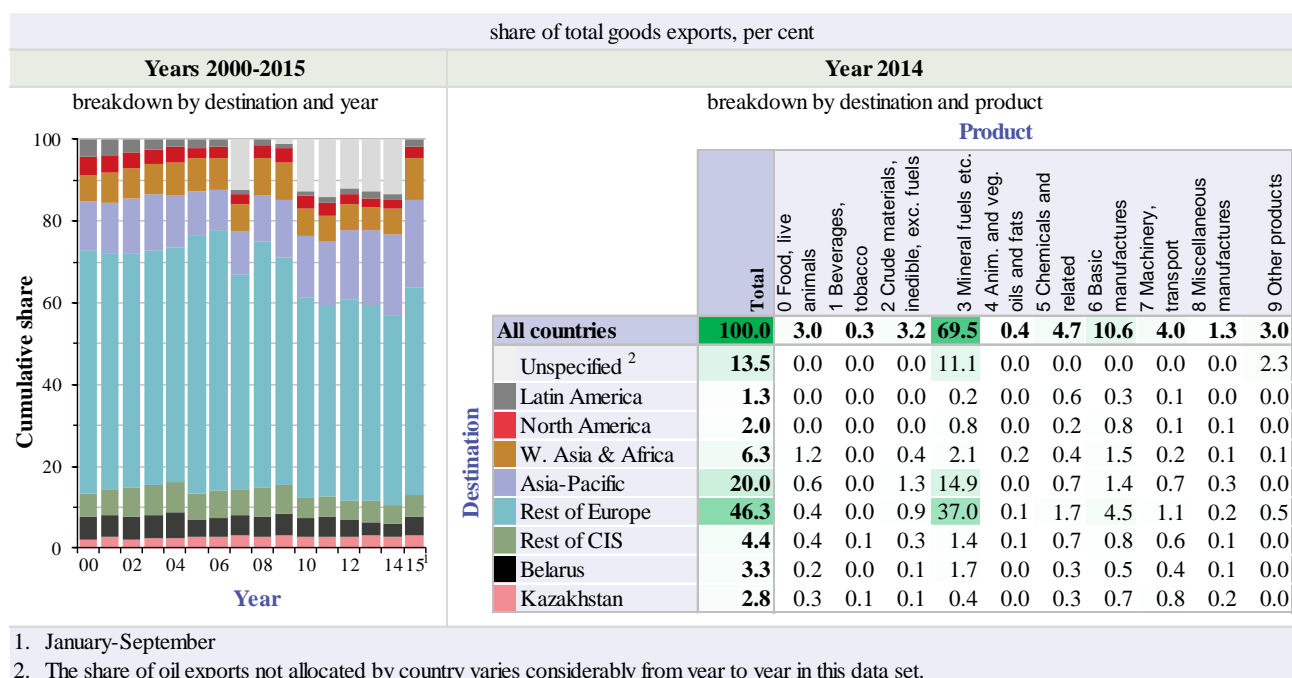
Sources: World Bank, WTO

Of the three economies, Belarus is the most dependent on foreign trade. Both its imports and exports amount to more than half of its GDP. Kazakhstan's exports amount to around 40 per cent of GDP, and Russia's to around 30 per cent. It should be noted, however, that Russian crude oil makes up roughly a third of Belarus's imports, and petroleum products made of Russian crude account for roughly a third of its exports. Russia and Kazakhstan have been running trade surpluses since the early 2000s, when the price of oil started its climb from \$20 per barrel. In contrast, Belarus has been running trade deficits of variable magnitudes for most of the last decade. However, a large part of the trade surpluses of Russia and especially of Kazakhstan flow out as payments to foreign investors, which means that their current account surpluses are considerably smaller than their trade surpluses.

3.2 Russia

3.2.1 Exports

Figure 2 Russia's export products and their destinations



Sources: DESA/UNSD (United Nations Comtrade database) (2000–2014), Eurasian Economic Commission (2015)

In 2014, Russia's exports totalled \$563.5bn, or 24.6 per cent of the economy's total demand. Crude oil accounted for 6.7 per cent, refined petroleum for 5.0 per cent and natural gas for 2.6 per cent of total demand. Other important export goods include products made from iron, steel, aluminium, copper, nickel, and other metals; fertilisers, wood, metal scrap, and crude rubber. Exports of services accounted for 2.8 per cent.

Over half of the goods exports went to other European countries, especially the Netherlands, Germany, Italy, and Poland. China received 7.5 percent of total exports, mostly mineral fuels. Kazakhstan and Belarus are not highly significant as export markets for Russia; they account for only six per cent of total exports. However, for border regions and some industries, these neighbouring countries are important and are increasingly so.

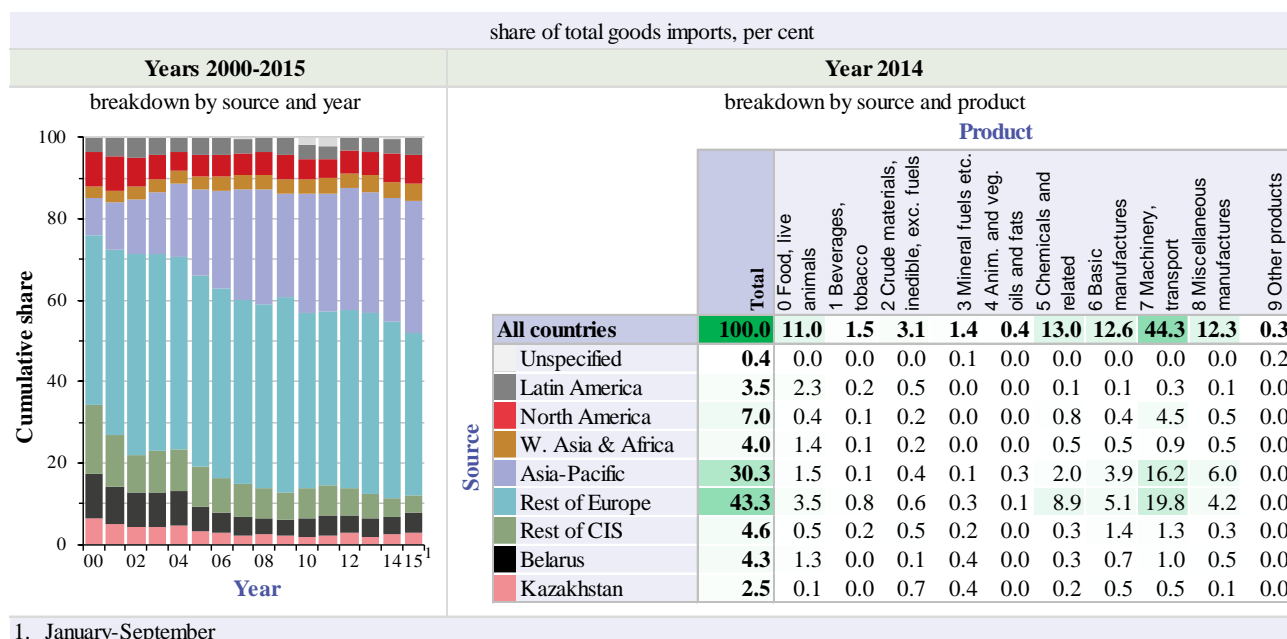
One example is passenger cars. Only a few years ago, a majority of Russian passenger car exports went to Ukraine. In 2014, already 70 per cent of the 1.6 billion dollars of Russian car exports went to Kazakhstan and 15 per cent to Belarus. Already prior to EACU, Kazakhstan was a major destination of Russia's dairy product, meat, clothes, and furniture exports. Since 2010, chocolate and television exports to Kazakhstan have been growing strongly.

Major products exported to Kazakhstan include a wide array of machinery and equipment; intermediate products made from metals, wood, and rubber; paper; and refined oil. Unsurprisingly, only a tiny fraction of exports of crude materials are sold to Kazakhstan, which specialises in their extraction itself.

Russia exports similar products to Belarus as elsewhere. Crude oil makes up a third and natural gas about 15 per cent of export revenue from Belarus. The Druzhba oil pipeline, which runs from Russia to Belarus and branches to Poland and Ukraine, is a crucial part of the network that brings Russian oil to the rest of Europe.

3.2.2 Imports

Figure 3 Russia's import products and their sources



Sources: DESA/UNSD (United Nations Comtrade database) (2000–2014), Eurasian Economic Commission (2015)

In 2014, Russia's imports totalled \$429.0bn per year, or 18.7 per cent of the economy's total supply. As Russia's speciality in the global division of labour is the extraction of natural resources and related activities, the domestic production of many capital, intermediate and consumer goods is not sufficient to satisfy domestic demand. Consequently, Russia's imports cover a wide range of products. Imported machinery made up 3.5 per cent, vehicles and other transport equipment 2.0 per cent, chemicals and related products 1.5 per cent, food and beverages 1.5 per cent, and services 5.2 per cent of total supply.

Since the 1990s, European countries have been supplying Russia with a growing amount of food, beverages, and relatively high-tech products such as specialised machinery, passenger cars, and cosmetics. Russia has also received its share of cheap Chinese low-tech products, especially small consumer items, which have flooded the world market during the last decade. In 2014, China's share was 17.7 per cent of Russia's goods imports. Again, as only seven per cent of Russia's goods imports come from Belarus and Kazakhstan, they are not highly significant. However, these countries are important suppliers of some products. Imports from both countries have grown quite evenly across the board.

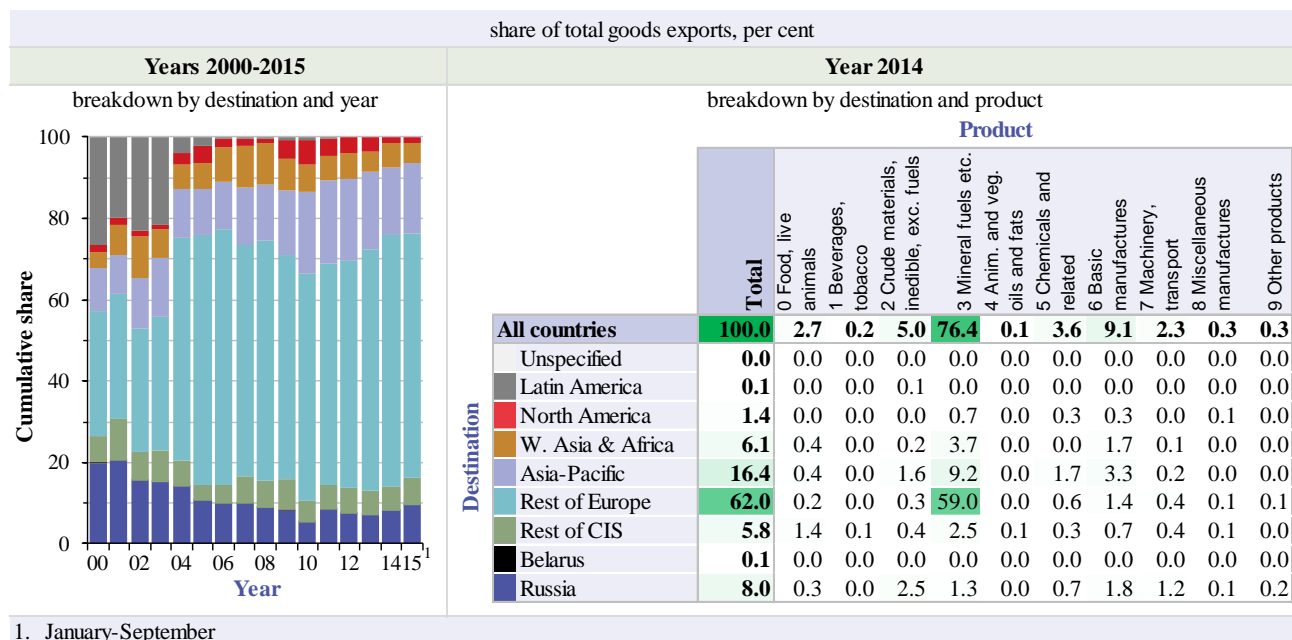
Even before Russia's sanctions against food imports from Western countries, Belarus accounted for about half of Russia's dairy imports and 10 per cent of its meat imports. Around half of tractor imports come from Belarus. In value terms, industrial machinery, vehicles, chemicals, clothes, footwear, furniture and intermediate products are also important Belarusian imports, but Belarus's share in these product classes is not large.

Imports from Kazakhstan consisted mainly of crude metals, such as copper, iron and aluminium, and products made of them. Kazakhstan's share is more than half of the imports of many crude materials. Kazakhstan also supplies Russia with coal and oil, both mostly in crude form. The two oil-rich countries also trade back and forth in oil, because the nearest refineries (with enough capacity) to some oil fields lie on the other side of the border.

3.3 Kazakhstan

3.3.1 Exports

Figure 4 Kazakhstan's export products and their destinations



Sources: DESA/UNSD (United Nations Comtrade database) (2000-2014), Eurasian Economic Commission (2015)

In 2014, Kazakhstan's exports totalled \$84.5bn, or 31.8 per cent of the economy's total demand. Like Russia, Kazakhstan lives off mineral fuel exports, but their importance is even greater: 21 per cent of total demand. Almost all mineral fuel exports leave the country in the form of crude oil, but smaller quantities of gases and refined oil are also exported. The rest consists mainly of aluminium, copper, zinc, and other metals; intermediate products made of them; and radioactive materials.

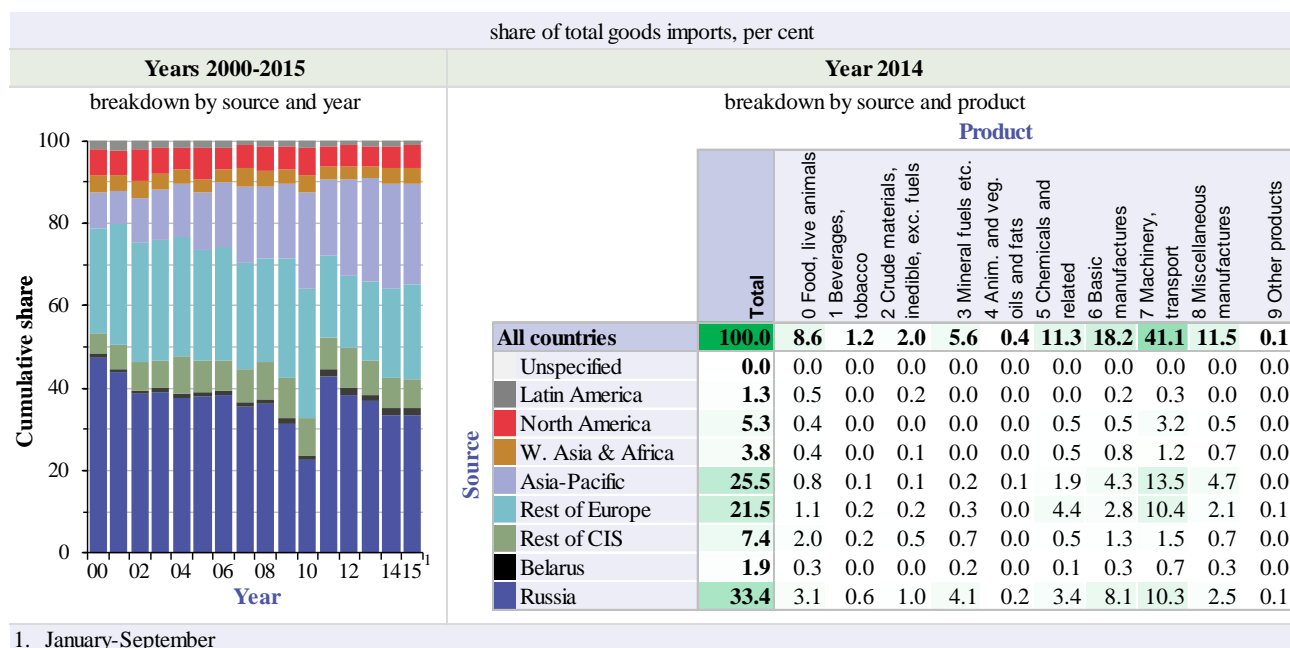
Kazakhstan exports its oil mostly to Europe, mainly to Italy, the Netherlands, Germany, and Ukraine, and to China. China's share of total exports has been trending slightly upward; in 2014, its share was 12 per cent. The share of Kazakhstan's Central Asian neighbours was only 3 per cent, and it consisted of food, petroleum, and crude materials.

Although Russia's overall share is small, it is a major buyer of Kazakhstan's non-oil exports. Whereas there are other buyers of wheat and metal products, computers, industrial machinery, coal, and crude metals are exported almost exclusively to Russia. As the electricity grids of these countries have some connections, some electric current also flows across borders.

The annual value of Kazakhstan's very limited exports to Belarus has been falling during the last decade and has already sunk well below \$100mn. Although Kazakhstan exports and Belarus imports crude oil, crude oil is absent from their bilateral trade statistics. Kazakhstan's exports to Belarus consist of metal scrap, metal products, cotton, fertilisers, cars, and machinery.

3.3.2 Imports

Figure 5 Kazakhstan's import products and their sources



Sources: DESA/UNSD (United Nations Comtrade database) (2000–2014), Eurasian Economic Commission (2015)

In 2014, Kazakhstan's imports totalled \$53.8bn, or 20.2 per cent of the economy's total supply. Like Russia, Kazakhstan imports a wide selection of products. Imported machinery made up 4.2 per cent, transport equipment 2.2 per cent, food 1.3 per cent, and mineral fuels 0.9 per cent of total supply. Services accounted for 4.8 per cent.

Kazakhstan's small Central Asian neighbours accounted for only 2.8 per cent of total imports. This consisted mostly of Uzbek and Turkmen gas and Uzbek vegetables and fruits. Kyrgyzstan, the fifth member of the EAEU, is a regional transit country for Chinese goods (a large share of which are allegedly smuggled to Kazakhstan past customs), but the country itself is not significant economically. Imports from China have risen from below ten per cent before the recession to 17.8 per cent in 2014, but their volume still pales in comparison to imports from Russia.

The share of non-CIS European countries, on the other hand, fell from more than 25 per cent before 2008 to 17.5 per cent in 2012 and then recovered to 21.5 per cent in 2014. There is some overlap between European and Chinese imports as much of both consist of industrial machinery, telecommunications equipment, and road vehicles. Indeed, some of the decline in imports from Europe has taken place in these product categories. However, something else has also happened. Over the last decade, Russian and Belarusian products have taken market share from European, Japanese and North American products in many markets.

One of the most striking examples is passenger cars, which were already mentioned above. They were previously imported in large quantities from Germany, Japan, and other developed countries. Russia's share of passenger car imports was less than 10 per cent before 2010, but has risen to more than 70 per cent in January-September 2015⁹. This shift was facilitated by the adoption of common emission standards for cars produced within the EAEU. The common emissions standards are less stringent than the European emission standards, which still apply to cars imported from non-EAEU countries to Kazakhstan. This allowed Russian-made cars to enter Kazakhstan's market.

⁹ The official statistics have their limitations, though, as the volume of grey imports across the open border is evidently large. See AZIA AVTO: 'People in Kazakhstan purchased 13 thousand cars to the amount of USD 130 million' and Silk Road Reporters: 'Eurasia Union to Change Kazakhstan's Automobile Market', 16 February 2015.

Moreover, a ban on selling cars manufactured before 2007¹⁰ stopped the imports of popular German second-hand cars^{11,12}. Russian brands, especially Lada, are strongly represented among the cars imported from Russia, but also foreign-brand cars are imported. Some of the foreign-brand cars are produced in factories that have been set up by international car companies during the last decade.¹³

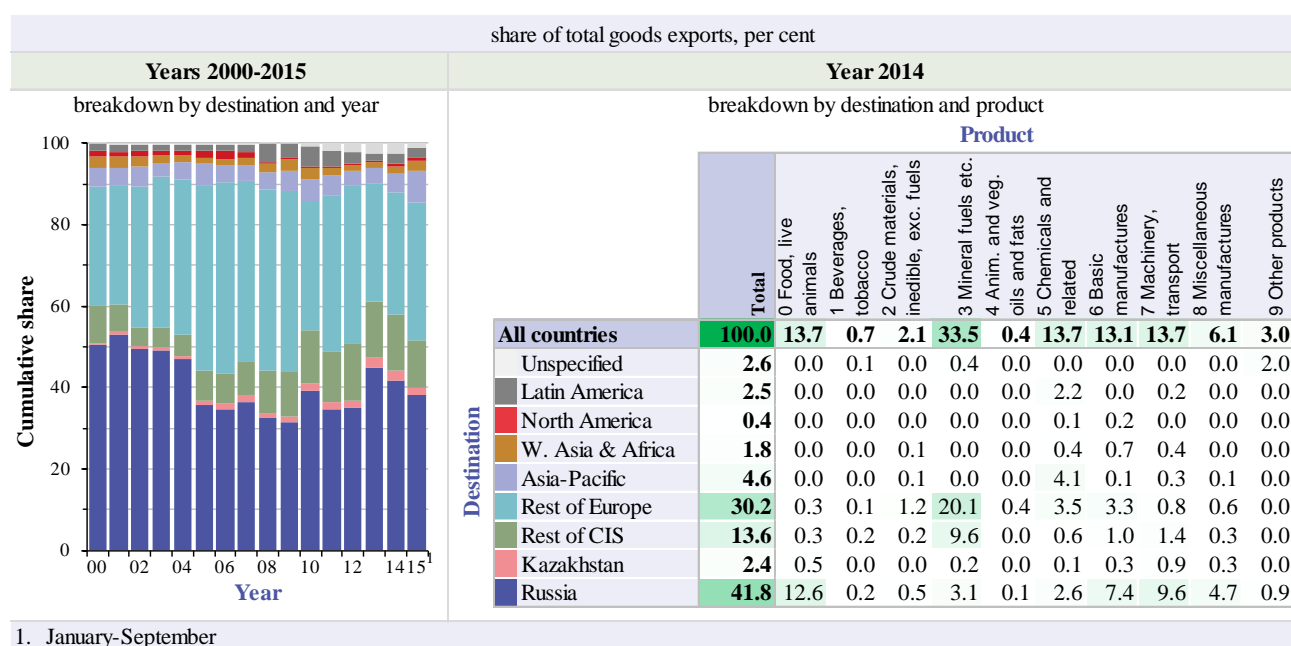
Russia is a major supplier in most of the other markets, too. Russia's dominance is especially visible in the imports of refined oil, metal products, wooden products, cereals, and tobacco. In these product categories, over half of imports come from Russia. Chocolate and television receiver imports have grown steeply lately.

Imports from Belarus have doubled from \$367mn in 2009 to \$774mn in 2014, and the growth trend continues. During the last decade, especially Belarusian tractors, agricultural machinery, butter, milk, and meat have found their way to Kazakhstan's markets. Belarus's share is relatively high, around ten per cent, also in furniture and rubber product imports.

3.4 Belarus

3.4.1 Exports

Figure 6 Belarus's export products and their destinations



Sources: DESA/UNSD (United Nations Comtrade database) (2000–2014), Eurasian Economic Commission (2015)

In 2014, Belarus's exports totalled \$44.2bn, or 36.5 per cent of the economy's total demand. In contrast to Russia and Kazakhstan, Belarus exports a wide variety of products; less than 10 per cent of export revenue comes from the sale of raw materials. However, the most important Belarusian export good is refined petroleum, which is made of Russian crude. It accounted for 10.0 per cent of total demand, or almost a third of exports. Belarus is also one of the leading global suppliers of potash fertilisers. Exports of fertilisers made up 2.5 per cent of total demand. Other major Belarusian goods

¹⁰ See The Diplomat: 'What's Driving Change in Central Asia's Car Industry?' 25 August 2015.

¹¹ See The Astana Times: 'Kazakhstan Automobile Market Sees Big Changes with EAEU in Place, Cheaper Ruble'. 10 February 2015.

¹² See Eurasianet.org: 'Kazakhstan: Fledgling Auto Industry Wants to Give Russia a Run for Its Money', 8 April 2015.

¹³ See The Wall Street Journal: 'Ruble pressures auto makers to rethink Russia business', 18 December 2014.

exports include dairy products, meat, vegetables, fruits, household equipment, tyres, textiles, wood products, lorries, tractors and other vehicles, industrial machinery, clothes, footwear, and furniture.

Russia is overwhelmingly Belarus's most important export market with a share of over 40 per cent. Ukraine's importance is growing; its share reached 11.2 per cent in 2014. Also Belarus's other neighbours and the countries right behind them are important, especially as destinations of oil exports. Latvia is also a strategic partner, since Belarusian exports reach the world market through its ports.

Over the last decade, Ukraine's share of refined oil exports has grown from 10 per cent to a third and Russia's share from near zero to 10 per cent. The delivery of a certain quota of refined oil at below-market prices to Russia was part of the deal that led to the establishment of the EAEU. It was also agreed that Belarus would get an annual discount of \$1.5bn from the oil export taxes that it pays to Russia for its refined oil exports. This discount was effectively cancelled by Russia, when it imposed another tax on oil in a move dubbed 'the oil tax manoeuvre'¹⁴.

Russian demand is crucial for practically all other Belarusian exports than mineral fuels, chemicals, crude materials, and manufactured fertilisers. For example, Russia buys over 90 per cent of Belarus's food exports. Although the annual volume of dairy product, meat, and vegetable exports to Russia has tripled (accounting for almost half of the growth in total exports to Russia) over the last decade, the harmonisation or mutual recognition of health and safety regulations within the EAEU has the potential to increase them even more.¹⁵ That is unlikely to happen, however, until the cycle of trade disputes between Russia and Belarus ends. In these disputes, another important source of service revenue, the Druzhba oil pipe, is a bargaining chip for Belarus.

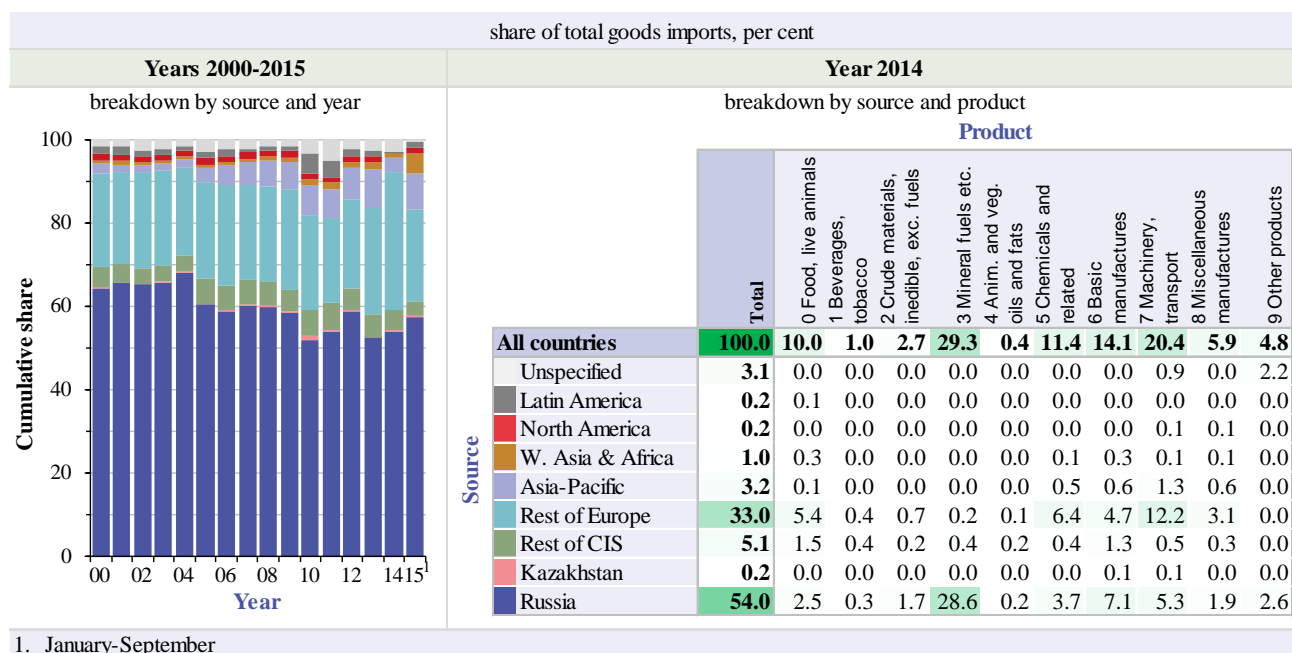
Kazakhstan's share of Belarus's exports has grown from 0.2 per cent in 2000 to 1.5 per cent in 2009 to 2.4 per cent in 2014. Belarus exports similar products to Kazakhstan as it does to Russia, but vehicles and machinery take a bigger share. Kazakhstan has grown in importance as an export destination of tractors, machinery, rubber products, wood products, and furniture. The annual exports of refined oil, Belarus's foremost export product, to Kazakhstan have also risen steeply: from zero to almost \$100mn during the last years. However, this is only a fraction of Belarus's total petroleum product exports.

¹⁴ See Belarus Digest: 'The Unwanted Economic Union In Exchange For Money – Digest Of The Belarusian Economy', 24 October 2014, and 'Belarus Threatens To Spoil The Inauguration Of The Eurasian Economic Union', 8 October 2014.

¹⁵ As was mentioned in the second section, Belarus's exports to Russia are limited by Russia's SPS and technical regulations. (EAEC 2015) These affect especially food products and machinery.

3.4.2 Imports

Figure 7 Belarus's import products and their sources



Sources: DESA/UNSD (United Nations Comtrade database) (2000–2014), Eurasian Economic Commission (2015)

In 2014, Belarus's imports totalled \$46.4bn, or 37.9 per cent of the economy's total supply. Crude oil imports comprised 8.0 per cent of total supply, natural gas 3.5 per cent, and refined petroleum 2.5 per cent. Services accounted for 4.6 per cent, and food, machinery, vehicles, and chemicals and related products for much of the rest.

Over half of Belarus's imports are from Russia. Russia's ban on Western food imports explains some of the rise in Belarus's food imports from its Western neighbours, especially Lithuania and Poland. The Eurasian Union as such does not seem to have brought major changes to the composition of imports. Imports from China are growing but are still a modest 2.3 per cent of goods imports.

Practically all mineral fuel imports come from Russia, and their share of total imports from Russia is around two thirds. Natural gas is consumed locally, whereas a large share of crude petroleum is refined and exported. Other major Russian imports include crude metals, intermediate metal products, passenger cars, industrial machinery, and food products.

Goods imports from Kazakhstan totalled \$87mn in 2014, and the trend is downward. For example, the annual imports of products made of iron or steel have fallen from more than \$50mn prior to the EACU to \$5mn in 2014. Other goods imported from Kazakhstan include vehicles, manufactured fertilisers, crude cotton, metal scrap, and refined oil.

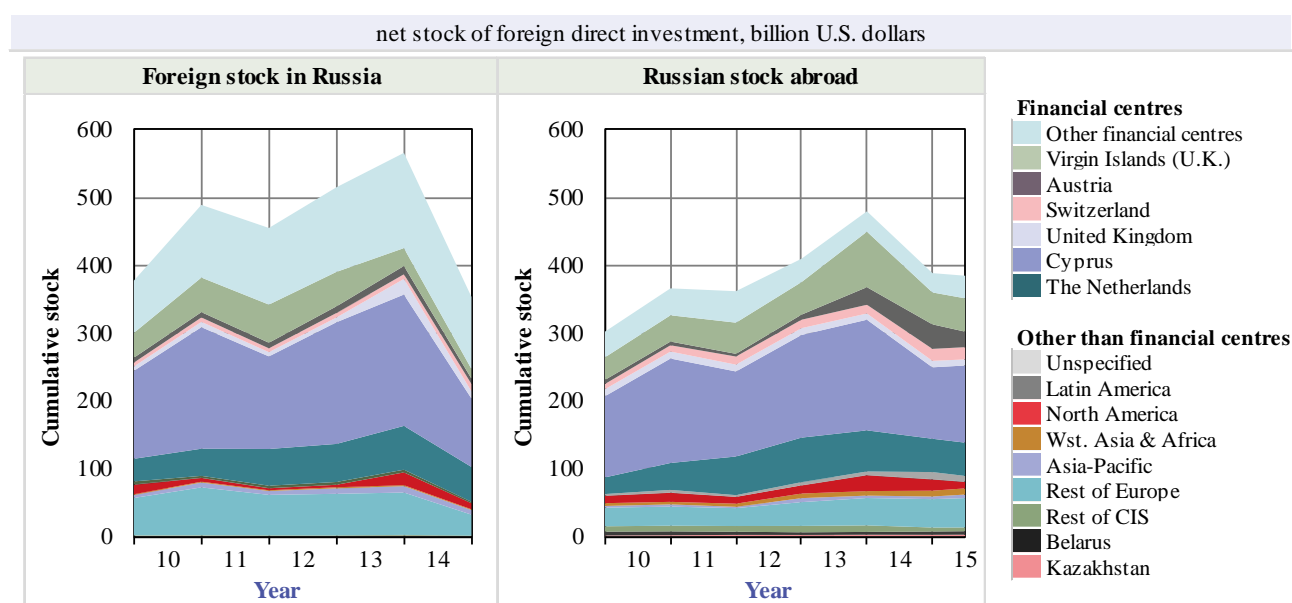
3.5 Foreign direct investments

The ultimate sources of foreign direct investments (FDI) are often hard to trace, since many investments are made through holding companies registered in financial centres. This is relevant in the cases of Russia and Kazakhstan (OECD, 2012). Most of Russia's FDI stock abroad is located in financial centres, especially Cyprus, the Netherlands, and British Virgin Islands. Correspondingly, most of the foreign FDI stock in Russia is owned by companies registered in Cyprus, the Netherlands, Bahamas, Bermuda, Ireland, and Luxemburg. Over half of Kazakhstan's FDI stock is owned by

companies registered in the Netherlands and other financial centres. In general, data on FDI stocks and flows are not readily comparable¹⁶.

According to the statistics of the Central Bank of Russia, the annual net flow of investments from Kazakhstan to Russia rose from below \$100mn before the recession to more than \$200mn in 2012–2014. The FDI stock reached \$1bn before the rouble depreciated sharply in late 2014. The Belarusian stock grew from around \$100mn to more than \$400mn during the same period. These are still small figures compared to the trade between the countries.

Figure 8 Foreign FDI stock in Russia and Russian FDI stock abroad



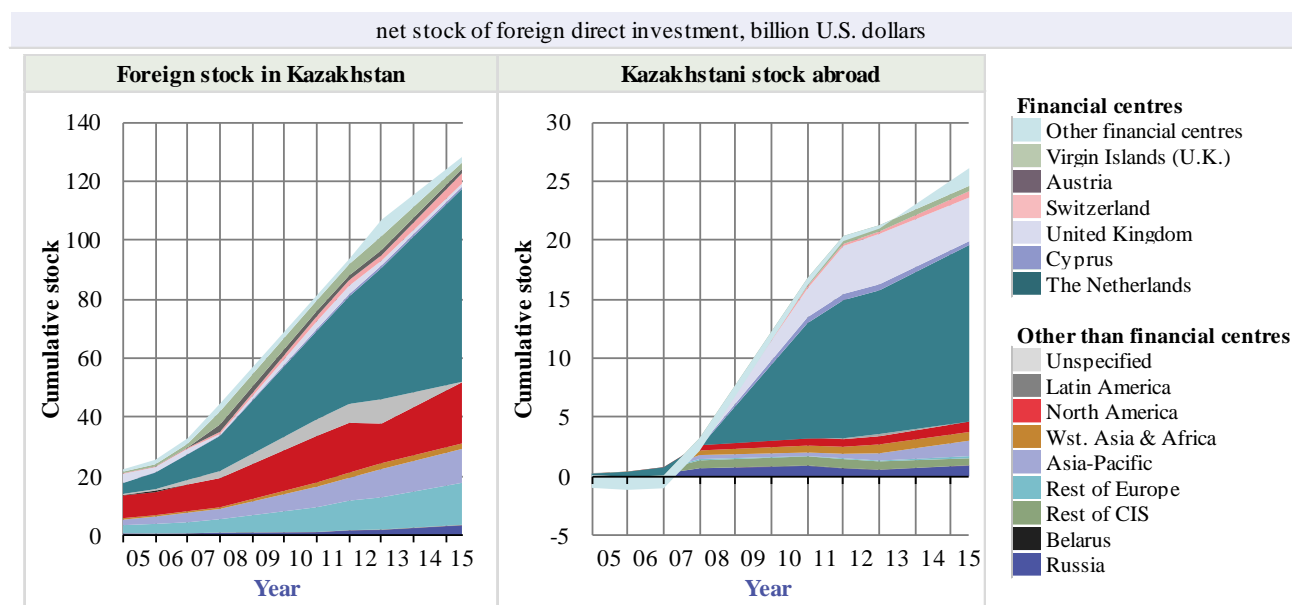
Source: Central Bank of Russia

In Kazakhstan, over 70 per cent of the stock is invested in companies involved in extractive activities (OECD, 2012). According to the National Bank of Kazakhstan, the annual net flow of direct investments from Russia to Kazakhstan grew from \$230mn in 2005 to \$1.6bn in 2014. The Russian stock grew from \$700mn in 2005 to \$3.5bn in 2015. During the same period, the Belarusian stock grew from \$1mn to \$30mn¹⁷. The Russian and Belarusian stocks have followed the overall trend but more forcefully. These are small amounts compared to the total, but this might not be the whole truth. As part of Russia's outward FDI stock (Figure 10) is invested in companies registered in financial centres and part of Kazakhstan's inward FDI stock (Figure 11) is owned by such companies, the real stock of Russian FDIs might be somewhat larger.

¹⁶ See Appendices 13 and 14 for FDI flows.

¹⁷ The National Bank of Kazakhstan only publishes data on gross flows, which are much higher.

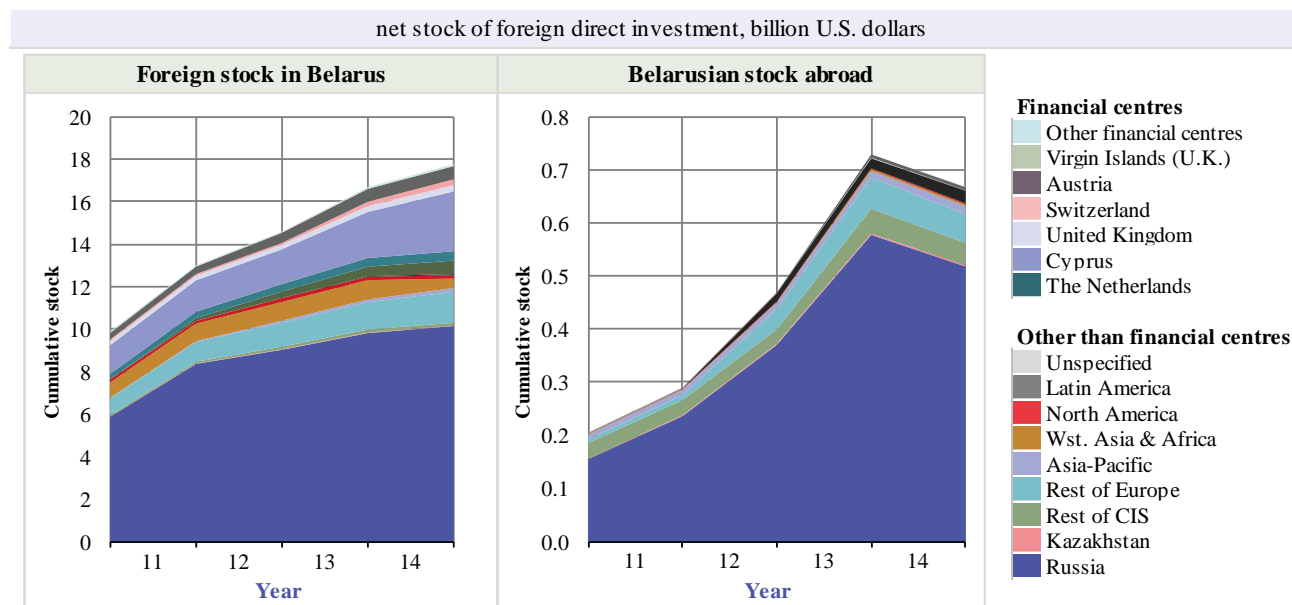
Figure 9 Foreign FDI stock in Kazakhstan and Kazakhstani FDI stock abroad



Sources: UNCTAD (31/12/04–31/12/07 and 31/12/09–31/12/12), National Bank of Kazakhstan (30/6/2015), the rest is interpolated

In Belarus, the picture is different. Investments from Russia make up \$10bn, or more than half the total FDI stock. Another \$3bn is from Cyprus, which is a financial centre favoured by Russians. Also most of Belarus’s FDI abroad has gone to Russia.

Figure 10 Foreign FDI stock in Belarus and Belarusian FDI stock abroad



Source: National Bank of the Republic of Belarus

4 Concluding remarks

The Eurasian Customs Union was erected in 2010 on top of existing institutional frameworks. It represented a continuation, reinforcement and repetition of earlier developments, not a clean break from the past. Tariffs on trade within the CIS had already been nearly abolished through bilateral and multilateral free-trade agreements during the last decade. When the common external tariff code of the EACU was adopted in 2010, tariffs (on imports from non-CIS countries) declined slightly in Russia and Belarus. In Kazakhstan, they rose significantly; the trade-weighted average doubled from around 5 to around 10 per cent. Tariffs have since declined and are set to decline further over the coming years due to Russia's and Kazakhstan's WTO commitments.

Despite ambitious goals, many trade barriers, such as those related to technical, safety and health regulations, remain firmly in place. Nevertheless, some non-trivial improvements have taken place in the trading environment. Perhaps the most visible reform was the abolishment of customs controls at the Russia-Belarus border in January 2010 and at the Russia-Kazakhstan border in July 2011. However, many bureaucratic procedures only moved from the border to the final destination. Also, unofficial border controls were resumed at the Russia-Belarus border in December 2014 due to trade disputes.

There is much anecdotal and some statistical evidence that common external tariffs and union-wide regulations have had an impact on Kazakhstan's markets. This change should not be overstated, however. In this policy brief, it was noted, for example, that Russian cars, chocolate, television receivers, and tobacco, and Belarusian dairy products, furniture, vehicles have found their way to Kazakhstan's markets. At the same time, imports of the same products from Europe, Japan and North America have declined. In Russia's and Belarus's domestic markets, no visible changes were found.

The EACU was formed among three countries of unequal size and mutual dependence. For Belarus, Russia is crucial both as a buyer and as a seller; Kazakhstan is a growing export market, but not yet an important one. For Kazakhstan, Russia is important, more as a seller than a buyer; Belarus is not. For Russia, Belarus and Kazakhstan are good partners, but neither weighs much economically in the end. That said, border regions and some industries, especially the car industry, are dependent on Belarusian and Kazakhstani demand.

These inequalities can be heard also in proclamations concerning the future of the EAEU. Russia would like to press on with integration; Kazakhstan and Belarus are more sceptical. The union took in two new members in 2015, Armenia and Kyrgyzstan, and one more is at the negotiating table, Tajikistan. It remains to be seen how this will change the dynamics of the union.

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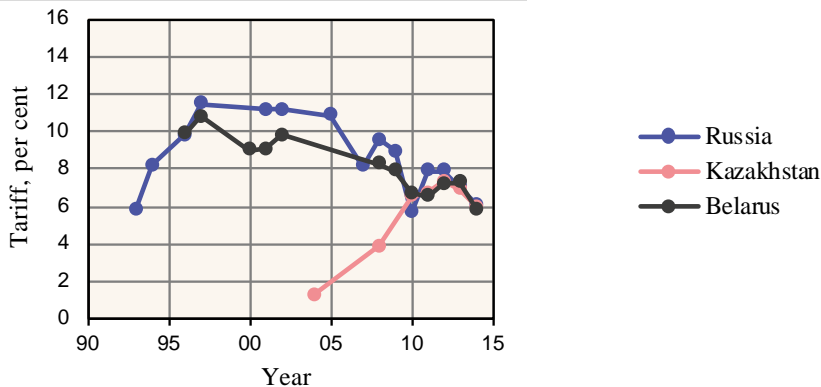
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Appendices

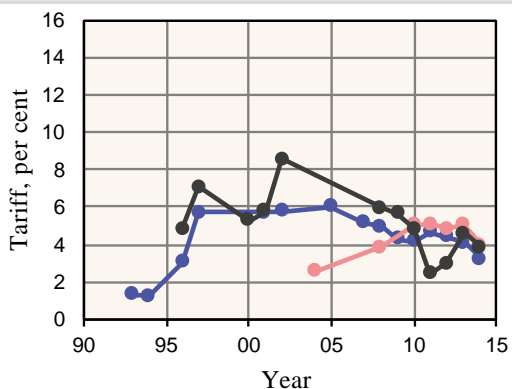
Appendix 1 Changes in tariffs on imports from non-CIS countries

trade-weighted average of actually applied tariffs¹, per cent of good's value²

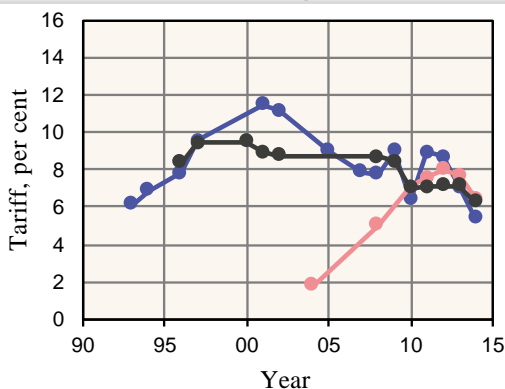
All goods



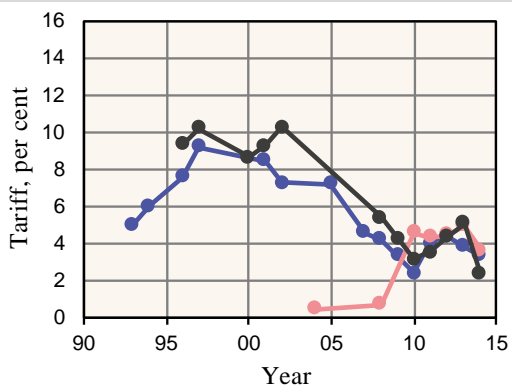
Raw materials³



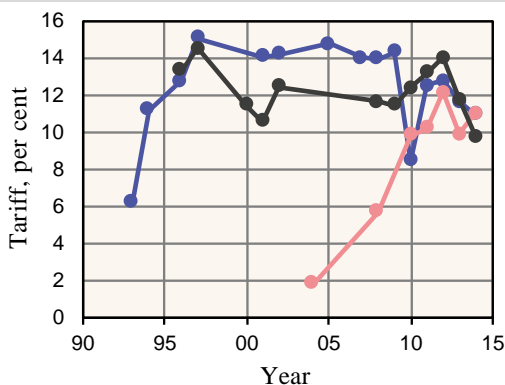
Intermediate goods³



Capital goods³



Consumer goods³



1. May differ from the applied MFN tariff rate e.g. due to preferential treatment.
2. UNCTAD's ad-valorem estimation
3. Classification based on Broad Economic Categories (BEC)

Source: UNCTAD

Appendix 2 Imports to Russia and tariffs on them before and after the EACU was established

		Before ³											After ⁴										
		Product											Product										
		Total	0 Food, live animals	1 Beverages, tobacco	2 Crude materials, inedible, exc. fuels	3 Mineral fuels etc.	4 Anim. and veg. oils and fats	5 Chemicals and related	6 Basic manufactures	7 Machinery, transport	8 Miscellaneous manufactures	9 Other goods	Total	0 Food, live animals	1 Beverages, tobacco	2 Crude materials, inedible, exc. fuels	3 Mineral fuels etc.	4 Anim. and veg. oils and fats	5 Chemicals and related	6 Basic manufactures	7 Machinery, transport	8 Miscellaneous manufactures	9 Other goods
Tariff on imports ¹ per cent of good's value ²	All countries	10.5	14.3	9.3	4.7	5.0	9.6	9.0	11.1	10.0	12.7	20.0	6.8	12.7	7.1	3.3	2.0	6.7	7.7	8.4	4.8	8.5	8.4
	CIS												0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Kazakhstan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Belarus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Rest of CIS	13.9	20.8	14.3	5.9	5.0	29.9	13.4	14.1	20.7	21.4	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	Rest of the world	10.9	14.7	9.5	7.1	5.0	8.8	9.0	12.2	10.0	12.7	20.0	7.9	14.7	8.3	5.5	4.0	6.9	8.3	11.2	5.4	9.8	20.0
	Rest of Europe	10.0	13.2	11.1	8.5	5.0	12.0	9.2	11.9	8.8	11.7	-	7.9	14.4	10.0	7.6	4.9	11.0	8.6	11.3	5.5	8.9	20.0
	Asia-Pacific	11.7	11.4	9.7	5.6	5.0	5.4	8.4	12.9	11.9	15.2	20.0	7.2	9.2	7.6	2.5	4.1	2.2	7.5	11.4	5.1	10.8	20.0
	Wst. Asia & Africa	9.9	7.5	5.5	5.4	5.0	8.0	9.3	12.9	11.9	17.2	-	7.7	7.4	3.4	5.2	5.0	6.0	8.1	9.8	5.9	10.9	-
	North America	11.7	21.8	6.8	6.0	5.0	14.0	8.4	12.1	10.1	8.9	-	9.5	26.9	5.3	5.0	3.1	14.9	7.5	10.9	6.4	4.4	20.0
	Latin America	16.7	18.4	6.7	9.0	5.0	14.4	10.0	12.3	11.7	7.8	-	13.3	18.0	6.0	5.5	2.9	11.6	7.6	10.0	3.8	6.2	-
	Unspecified	6.6	7.9	24.5	12.6	5.0	15.0	13.2	14.5	5.3	15.2	-	3.0	14.8	28.7	19.8	0.0	-	7.4	9.5	1.0	15.9	-
Value of imports billion U.S. dollars	All countries	175.8	18.9	3.0	5.4	2.5	1.1	19.3	21.6	79.3	14.8	9.9	306.0	32.3	4.3	8.3	4.2	1.6	37.9	38.1	136.0	35.3	8.0
	CIS⁵	26.7	3.4	0.6	2.9	1.5	0.2	1.2	7.1	7.8	1.4	0.4	40.0	5.2	0.6	3.1	2.4	0.1	2.4	8.9	11.5	3.4	2.3
	Kazakhstan	4.4	0.3	0.0	1.7	1.2	0.0	0.2	0.7	0.2	0.0	0.1	7.3	0.2	0.0	1.6	0.7	0.0	0.4	1.0	1.2	0.4	1.8
	Belarus ⁵	8.0	1.4	0.0	0.2	0.0	0.0	0.4	1.8	3.0	0.9	0.3	13.4	2.9	0.0	0.2	0.5	0.0	0.8	2.7	4.0	1.9	0.4
	Rest of CIS	14.3	1.7	0.6	1.0	0.3	0.2	0.6	4.7	4.6	0.5	0.1	19.2	2.2	0.6	1.3	1.1	0.1	1.2	5.2	6.3	1.1	0.1
	Rest of the world	149.1	16.8	2.4	2.7	1.0	0.9	18.5	16.3	74.5	14.2	1.7	266.0	27.8	3.7	5.2	1.8	1.5	35.7	29.8	125.7	32.3	2.4
	Rest of Europe	79.9	6.6	1.5	0.9	0.5	0.4	14.3	10.1	38.6	6.7	0.3	133.4	11.9	2.3	1.9	1.0	0.7	26.2	15.2	61.9	11.9	0.4
	Asia-Pacific	45.8	2.3	0.2	0.6	0.2	0.5	2.6	4.5	28.8	6.1	0.1	91.1	4.0	0.3	1.2	0.3	0.8	5.5	11.8	50.4	16.9	0.0
	Wst. Asia & Africa	6.1	1.7	0.2	0.4	0.0	0.0	0.5	1.0	1.7	0.5	0.0	11.8	3.8	0.3	0.5	0.0	0.0	1.4	1.6	2.6	1.4	0.1
	North America	9.3	1.5	0.1	0.2	0.1	0.0	1.1	0.5	4.7	0.9	0.1	17.8	1.8	0.3	0.4	0.2	0.0	2.4	1.0	9.8	1.6	0.1
	Latin America	6.5	4.8	0.4	0.5	0.0	0.0	0.1	0.1	0.5	0.1	0.0	9.9	6.3	0.5	1.2	0.0	0.0	0.2	0.2	0.9	0.4	0.0
	Unspecified	1.6	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.2	0.0	1.2	2.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.1	0.0	1.8

1. Average of actually applied tariffs
2. UNCTAD's ad-valorem estimation
3. Year 2005 for tariffs, average of years 2005-2008 for trade flows
4. Year 2012 for tariffs, average of years 2011-2014 for trade flows
5. Mirror data used for imports from Belarus in 2005-2011

Sources: UNCTAD (tariffs), DESA/UNSD (United Nations Comtrade database) (trade flows)

Appendix 3 Imports to Kazakhstan and tariffs on them before and after the EACU was established

		Before ³										After ⁴											
		Product										Product											
		Total	0 Food, live animals	1 Beverages, tobacco	2 Crude materials, inedible, exc. fuels	3 Mineral fuels etc.	4 Anim. and veg. oils and fats	5 Chemicals and related	6 Basic manufactures	7 Machinery, transport	8 Miscellaneous manufactures	9 Other goods	Total	0 Food, live animals	1 Beverages, tobacco	2 Crude materials, inedible, exc. fuels	3 Mineral fuels etc.	4 Anim. and veg. oils and fats	5 Chemicals and related	6 Basic manufactures	7 Machinery, transport	8 Miscellaneous manufactures	9 Other goods
Tariff on imports ¹ per cent of good's value ²	All countries	1.9	2.7	3.8	2.6	3.9	1.5	1.5	3.5	0.2	2.9	5.0	3.7	4.7	2.8	1.2	0.2	2.7	4.4	5.4	3.0	6.0	18.4
	CIS	2.6	3.5	2.9	3.4	3.8	0.2	2.0	3.8	0.3	2.9	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Russia	2.8	3.5	2.5	3.9	4.4	0.1	1.9	3.8	0.3	2.8	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Belarus	1.9	3.7	5.0	3.0	5.0	-	0.6	2.7	1.2	4.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	Rest of CIS	4.5	7.1	6.8	4.8	5.4	0.3	4.4	7.4	0.5	5.4	-	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	Rest of the world	1.3	1.8	4.2	1.6	5.0	2.5	1.1	3.2	0.2	2.9	5.0	7.3	13.7	8.9	6.5	5.0	9.5	6.9	12.6	4.6	8.9	20.0
	Rest of Europe	1.3	3.2	3.6	2.1	5.0	0.3	1.0	3.5	0.2	2.7	5.0	7.0	12.7	9.8	9.3	5.0	12.1	7.9	12.1	4.0	7.1	20.0
	Asia-Pacific	1.3	1.7	4.4	1.9	5.0	5.0	1.5	2.7	0.1	3.2	-	7.1	7.9	17.4	3.6	4.9	8.5	4.8	12.9	4.8	10.4	20.0
	Wst. Asia & Africa	1.8	2.0	5.0	4.0	5.0	3.3	2.0	2.8	0.3	3.5	-	7.9	5.3	2.9	2.1	5.0	12.8	6.6	14.2	4.8	9.0	20.0
	North America	1.3	3.9	4.8	1.4	5.0	4.7	0.7	4.0	0.6	2.5	-	9.0	35.2	4.9	5.3	5.0	13.6	5.8	11.0	4.9	8.2	20.0
	Latin America	0.8	0.5	4.9	0.1	-	5.0	2.0	2.7	0.1	1.9	-	8.2	7.1	5.1	9.9	5.0	7.6	10.6	13.1	7.9	7.8	-
Unspecified	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Value of imports billion U.S. dollars	All countries	27.9	1.6	0.3	0.5	3.5	0.1	2.4	6.0	11.5	1.7	0.2	43.2	3.5	0.5	0.8	4.4	0.2	4.6	8.2	16.5	4.5	0.1
	CIS	12.8	0.9	0.2	0.3	3.4	0.1	0.8	3.3	3.1	0.6	0.0	20.6	2.3	0.3	0.6	4.1	0.1	1.7	4.6	5.2	1.6	0.1
	Russia	10.2	0.6	0.2	0.3	3.1	0.1	0.7	2.5	2.4	0.5	0.0	16.3	1.3	0.3	0.5	3.7	0.1	1.4	3.6	4.1	1.2	0.1
	Belarus	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.7	0.1	0.0	0.0	0.0	0.0	0.1	0.2	0.1	0.0	0.0
	Rest of CIS	2.2	0.2	0.0	0.1	0.3	0.0	0.1	0.8	0.6	0.1	0.0	3.6	0.8	0.1	0.1	0.4	0.0	0.2	0.9	0.9	0.3	0.0
	Rest of the world	15.1	0.7	0.1	0.1	0.1	0.0	1.6	2.7	8.4	1.2	0.2	22.5	1.3	0.2	0.2	0.2	0.0	2.9	3.6	11.2	2.9	0.0
	Rest of Europe	7.3	0.2	0.1	0.1	0.1	0.0	1.0	1.1	4.1	0.6	0.1	8.4	0.4	0.1	0.1	0.1	0.0	1.7	1.2	3.9	0.9	0.0
	Asia-Pacific	4.7	0.1	0.0	0.0	0.1	0.0	0.3	1.2	2.6	0.4	0.1	10.0	0.3	0.0	0.0	0.1	0.0	0.7	1.9	5.5	1.4	0.0
	Wst. Asia & Africa	1.1	0.1	0.0	0.0	0.0	0.0	0.1	0.3	0.5	0.1	0.0	1.4	0.2	0.0	0.0	0.0	0.0	0.2	0.3	0.4	0.3	0.0
	North America	1.7	0.1	0.0	0.0	0.0	0.0	0.1	0.1	1.2	0.1	0.0	2.2	0.2	0.0	0.0	0.0	0.0	0.3	0.2	1.2	0.3	0.0
	Latin America	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.5	0.2	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.0
Unspecified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

1. Average of actually applied tariffs
2. UNCTAD's ad-valorem estimation
3. Year 2004 for tariffs, average of years 2005-2008 for trade flows
4. Year 2012 for tariffs, average of years 2011-2014 for trade flows

Sources: UNCTAD (tariffs), DESA/UNSD (United Nations Comtrade database) (trade flows)

Appendix 4 Imports to Belarus and tariffs on them before and after the EACU was established

		Before ³										After ⁴											
		Product										Product											
		Total	0 Food, live animals	1 Beverages, tobacco	2 Crude materials, inedible, exc. fuels	3 Mineral fuels etc.	4 Anim. and veg. oils and fats	5 Chemicals and related	6 Basic manufactures	7 Machinery, transport	8 Miscellaneous manufactures	9 Other goods	Total	0 Food, live animals	1 Beverages, tobacco	2 Crude materials, inedible, exc. fuels	3 Mineral fuels etc.	4 Anim. and veg. oils and fats	5 Chemicals and related	6 Basic manufactures	7 Machinery, transport	8 Miscellaneous manufactures	9 Other goods
Tariff on imports ¹ per cent of good's value ²	All countries	2.8	4.9	1.5	1.2	0.0	3.1	4.8	3.8	4.5	7.6	-	2.5	8.7	2.1	1.0	0.1	2.5	4.6	3.9	2.8	5.6	-
	CIS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	Russia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	Belarus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	Rest of CIS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	Rest of the world	8.3	8.2	7.2	6.2	4.4	13.1	8.4	12.0	6.5	11.4	-	7.2	13.8	5.7	3.8	2.7	12.6	7.5	10.9	4.2	8.9	-
	Rest of Europe	8.5	10.1	8.9	8.0	4.4	13.7	8.6	12.1	6.5	11.3	-	8.1	18.7	8.6	7.6	4.6	12.7	7.9	11.0	4.2	9.3	-
	Asia-Pacific	8.4	8.2	4.8	3.8	5.0	6.7	7.7	12.1	6.7	12.6	-	6.2	9.9	4.4	0.8	5.0	10.6	6.2	10.8	4.1	9.1	-
	Wst. Asia & Africa	8.5	5.4	5.9	4.3	5.0	9.5	9.1	11.3	7.9	15.7	-	6.7	5.5	1.8	1.9	5.0	5.3	7.7	10.5	5.2	7.2	-
	North America	7.0	9.3	5.4	8.2	5.0	14.6	8.3	10.9	5.8	6.5	-	5.4	9.4	4.1	6.6	5.0	13.8	6.8	9.2	3.8	5.3	-
	Latin America	4.0	2.9	5.8	9.5	5.0	8.2	7.1	8.0	5.6	8.6	-	3.0	3.1	4.6	5.7	2.0	13.9	5.7	7.9	4.2	6.6	-
Unspecified	6.3	-	-	5.0	-	-	10.0	12.6	0.3	6.9	-	0.8	0.0	-	15.0	-	-	10.0	-	1.8	10.0	-	
Value of imports billion U.S. dollars	All countries	26.8	1.7	0.3	0.9	9.2	0.1	2.5	4.3	5.5	1.0	1.2	43.9	3.2	0.4	1.4	15.3	0.2	4.4	6.2	9.0	2.0	1.8
	CIS	17.6	0.7	0.2	0.7	9.2	0.1	1.1	3.0	1.8	0.4	0.5	26.7	1.2	0.2	1.0	14.8	0.1	1.7	3.9	2.6	0.7	0.4
	Russia	16.0	0.5	0.1	0.7	9.1	0.1	0.9	2.3	1.5	0.3	0.5	24.1	0.7	0.1	0.9	14.4	0.1	1.5	3.1	2.3	0.6	0.4
	Belarus	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0
	Rest of CIS	1.6	0.2	0.1	0.1	0.0	0.0	0.1	0.6	0.3	0.1	0.0	2.5	0.4	0.1	0.1	0.4	0.1	0.2	0.7	0.4	0.1	0.0
	Rest of the world	9.1	1.0	0.1	0.2	0.1	0.0	1.4	1.4	3.6	0.7	0.7	17.2	2.0	0.1	0.4	0.5	0.0	2.7	2.4	6.4	1.3	1.4
	Rest of Europe	6.2	0.6	0.1	0.1	0.1	0.0	1.1	1.0	2.7	0.4	0.1	10.9	1.4	0.1	0.2	0.1	0.0	2.1	1.7	4.5	0.8	0.0
	Asia-Pacific	1.4	0.1	0.0	0.1	0.0	0.0	0.2	0.2	0.7	0.2	0.0	3.0	0.1	0.0	0.1	0.0	0.0	0.4	0.5	1.4	0.4	0.0
	Wst. Asia & Africa	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.7	0.1	0.0	0.1	0.0	0.0	0.1	0.2	0.1	0.0	0.0
	North America	0.4	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.1	0.0	0.0
	Latin America	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.3	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Unspecified	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	1.4	

1. Average of actually applied tariffs
2. UNCTAD's ad-valorem estimation
3. Year 2008 for tariffs, average of years 2005-2008 for trade flows
4. Year 2012 for tariffs, average of years 2011-2014 for trade flows

Sources: UNCTAD (tariffs), DESA/UNSD (United Nations Comtrade database) (trade flows)

Appendix 5 Detailed breakdown of imports from Kazakhstan to Russia

Product group ¹	Average annual value of imports			Share of Russia's imports			Share of Kazakhstan's exports		
	\$mn			per cent			per cent		
	05-08	11-13	14	05-08	11-13	14	05-08	11-13	14
Total	4,509	7,329	7,172	2.6	2.3	2.5	9.5	7.6	8.0
2 Crude materials, inedible, except fuels	1,689	2,339	2,141	30.5	25.6	24.0	53.3	44.7	49.7
28 Metalliferous ores and metal scrap	1,583	2,146	1,983	51.0	52.3	54.4	59.7	49.6	59.3
281 Iron ore and concentrates	670	1,037	827	92.7	99.0	99.8	69.5	48.6	65.5
287 Base metal ores and concentrates n.e.s	281	431	459	57.5	62.5	65.6	61.2	62.7	74.6
285 Aluminium ores and concentrates	492	331	290	29.0	20.5	20.1	90.0	100.0	100.0
283 Copper ores and concentrates	97	211	175	99.9	65.6	70.7	42.8	27.5	19.6
289 Ores, waste and scrap of precious metals	11	48	116	18.5	45.2	52.1	67.2	82.6	85.6
27 Crude fertilizers and crude minerals	50	130	118	9.1	12.1	11.3	19.7	23.4	21.9
6 Basic manufactures	687	1,498	1,514	2.9	3.7	4.2	9.1	16.0	19.6
67 Iron and steel	511	705	1,094	7.4	7.5	14.9	15.1	19.5	31.3
671 Pig iron etc.	148	173	538	27.1	28.9	55.5	9.5	6.1	26.2
674 Flat-rolled products of iron or non-alloy steel, coated	237	246	248	23.4	12.8	15.0	46.0	68.3	70.3
673 Flat-rolled products, of iron or non-alloy steel	101	212	209	11.4	19.7	28.3	11.8	34.0	27.4
68 Non-ferrous metals	114	482	255	10.4	24.8	13.4	3.3	12.2	7.7
684 Aluminium	5	220	180	0.8	27.5	24.8	5.3	45.2	50.3
682 Copper excl.cement copper	49	204	9	17.0	29.1	1.2	2.1	13.3	1.8
65 Textile yarn, fabrics, made up articles, etc.	6	127	25	0.3	2.9	0.6	20.0	32.8	32.4
7 Machinery, transport equipment	223	1,354	1,300	0.3	1.0	1.0	31.7	51.7	50.4
75 Office machines and adp machines	0	109	397	0.0	1.4	5.2	2.6	93.5	96.6
752 Automatic data processing equipment	0	106	396	0.0	1.9	7.6	2.4	97.4	98.3
74 General industrial machinery n.e.s.	108	438	262	1.0	2.0	1.2	73.4	72.6	60.1
747 Taps, cocks, valves etc.	12	267	37	1.5	10.8	1.7	74.5	78.9	74.8
77 Electric machinery, n.e.s.and parts	48	545	256	0.5	3.0	1.6	70.4	57.2	74.6
778 Electrical machinery n.e.s.	31	91	154	1.8	2.3	4.3	77.0	72.4	90.6
772 Switchgear etc.parts n.e.s.	9	275	52	0.5	7.1	1.5	73.9	46.9	10.5
76 Telecommunications and sound recording equipm	2	20	222	0.0	0.1	1.6	25.5	77.1	72.3
764 Telecommunications equipment, parts and accessories nes.	0	15	213	0.0	0.1	1.9	8.3	74.0	73.7
72 Machinery for specialized industries	22	124	120	0.2	0.7	0.9	35.3	45.4	58.3
3 Mineral fuels etc	1,172	1,207	1,046	46.1	25.0	25.9	4.0	1.8	1.6
32 Coal, coke and briquettes	463	915	568	78.6	70.2	82.3	71.4	69.4	65.2
321 Coal, not agglomerated	450	875	535	84.7	76.2	90.1	73.5	68.3	65.8
33 Petroleum and products	668	162	391	40.5	5.3	14.5	2.2	0.1	0.5
333 Crude petroleum	631	125	307	100.0	100.0	100.0	2.3	0.1	0.4
5 Chemicals and related products, n.e.s.	197	427	536	1.0	1.1	1.4	30.6	14.9	18.7
52 Inorganic chemicals	184	287	464	20.0	16.0	24.6	33.9	14.0	17.7
525 Radioactive etc.materials	122	221	418	45.0	33.4	51.8	39.8	13.2	18.8
0 Food and live animals	326	211	261	1.6	0.6	0.8	14.6	11.2	12.0
04 Cereals and cereal preparations	108	133	128	15.2	10.6	9.8	7.8	8.5	6.7
041 Wheat, unmilled	88	115	96	98.2	98.5	99.0	10.0	12.0	8.3
05 Vegetables and fruit	172	7	18	3.0	0.1	0.2	86.9	56.5	52.7
8 Miscellaneous manufactured articles	11	488	221	0.1	1.4	0.6	20.5	27.5	34.3
84 Articles of apparel and clothing accessories	0	292	22	0.0	3.3	0.3	17.7	83.5	81.5
842 Women's and girls'clothes, woven fabrics	0	106	4	0.0	5.1	0.2	14.7	87.6	52.9
9 Goods not classified elsewhere	52	1	142	2.4	0.0	16.5	1.7	0.1	71.0
97 Gold, non-monetary	0	0	137	-	2.4	96.6	0.0	0.0	72.0

1. Standard International Trade Classification (SITC), Revision 3 (see Appendix 15)

Source: DESA/UNSD (United Nations Comtrade database)

Appendix 6 Detailed breakdown of imports from Belarus to Russia

Product group ¹	Average annual value of imports			Share of Russia's imports			Share of Belarus's exports		
	\$mn			per cent			per cent		
	05-08	11-13	14	05-08	11-13	14	05-08	11-13	14
Total	8,013	13,820	12,316	4.6	4.4	4.3	35	38	42
0 Food and live animals	1,380	2,581	3,679	6.8	7.7	11.7	86	88	92
02 Dairy products and birds' eggs	738	1,410	1,874	38.2	36.9	48.1	93	91	95
022 Milk and cream	307	705	922	67.4	68.4	74.3	85	88	93
024 Cheese and curd	275	454	606	25.8	22.7	38.3	100	98	98
023 Butter etc.	131	216	292	40.4	37.1	39.4	96	91	96
01 Meat and meat preparations	341	707	890	6.6	10.1	15.4	95	97	98
011 Bovine meat, fresh, chilled or frozen	176	313	418	9.2	10.7	15.3	100	96	97
012 Other meat, fresh, chilled or frozen	86	247	275	2.8	6.7	10.1	98	99	99
017 Meat, prepared or preserved, n.e.s.	78	146	196	41.8	39.9	59.7	82	97	97
05 Vegetables and fruit	36	125	288	0.6	1.2	2.9	42	69	83
054 Vegetables etc.fresh or simply preserved	19	64	151	1.5	2.3	5.1	50	76	84
03 Fish and fish preparations	74	115	238	4.3	4.1	8.1	76	86	92
06 Sugars, sugar preparations and honey	136	64	159	10.1	5.3	19.4	77	59	75
061 Sugars, molasses and honey	121	59	154	10.2	6.1	25.3	75	58	75
7 Machinery, transport equipment	3,032	4,375	2,730	3.7	3.1	2.1	69	72	70
78 Road vehicles	1,171	1,365	720	4.1	3.3	2.3	70	75	70
782 Lorries, special motor vehicles n.e.s.	596	816	373	18.4	20.4	15.0	67	74	70
784 Parts and accessories of motor vehicles	198	214	211	4.7	1.5	1.7	71	62	56
783 Road motor vehicles n.e.s.	277	240	78	13.5	10.2	6.6	76	84	80
77 Electric machinery, n.e.s.and parts	642	917	654	6.5	5.0	4.0	77	74	77
775 Household type equipment n.e.s.	284	256	211	9.7	5.8	5.7	80	68	80
72 Machinery for specialized industries	624	1,048	550	5.8	6.3	4.0	58	62	60
721 Agricultural machinery, excl.tractors	94	295	225	5.5	12.6	12.5	77	76	77
722 Tractors	357	316	185	46.5	55.1	42.0	48	54	50
723 Civil engineering plant etc.	123	298	65	3.8	5.2	1.8	83	81	72
74 General industrial machinery n.e.s.	307	516	385	2.8	2.4	1.8	74	79	79
744 Mechanical handling equipment	86	137	153	3.8	3.9	5.1	70	82	86
71 Power generating machinery and equipment	176	235	142	5.4	2.5	1.5	76	75	72
6 Basic manufactures	1,799	2,841	2,141	7.7	7.1	5.9	50	58	56
66 Non-metallic mineral manufactures, n.e.s.	298	404	451	10.6	9.4	10.9	71	80	81
663 Mineral manufactures n.e.s.	105	180	184	16.7	18.0	18.1	85	93	95
69 Manufactures of metals, n.e.s.	380	1,050	442	8.0	10.3	4.6	63	71	71
695 Tools	13	602	19	2.5	29.4	1.2	51	50	56
65 Textile yarn, fabrics, made up articles, etc.	321	415	341	13.5	9.4	8.3	60	68	66
67 Iron and steel	389	264	337	5.6	2.8	4.6	35	37	30
676 Iron and steel bars, rods, angles and shapes	294	173	262	20.9	9.3	18.6	55	58	49
62 Rubber manufactures, n.e.s.	170	338	243	10.3	8.5	6.9	40	54	59
625 Rubber tyres and tubes	155	313	220	14.5	11.9	9.8	39	53	58
8 Miscellaneous manufactured articles	893	1,991	1,516	5.7	5.6	4.3	64	76	77
89 Miscellaneous manufactured articles, n.e.s.	225	390	443	5.2	4.2	4.3	77	82	79
893 Articles of plastics n.e.s.	146	255	303	9.3	9.0	10.6	84	85	85
892 Printed matter	34	34	28	3.8	3.7	2.8	67	73	61
84 Articles of apparel and clothing accessories	194	545	382	6.9	6.2	4.5	51	81	84
82 Furniture and parts thereof	262	247	309	17.2	7.6	9.5	73	76	76
821 Furniture, bedding, mattresses, cushions etc.	262	247	309	17.2	7.6	9.5	73	76	76
87 Instruments and apparatus n.e.s.	78	612	211	2.3	9.6	3.7	44	59	63
874 Measuring, controlling and analysing instruments	30	527	106	1.9	15.5	3.7	64	57	63
3 Mineral fuels etc	32	347	1,084	1.3	7.2	26.8	0	3	9
33 Petroleum and products	14	303	1,038	0.9	10.0	38.4	0	3	9
334 Petroleum products, refined	8	298	1,026	1.1	12.1	48.6	0	3	11
5 Chemicals and related products, n.e.s.	382	801	866	1.9	2.1	2.3	14	13	19
57 Plastics in primary forms	111	209	226	3.9	4.0	4.4	47	66	62
58 Plastics in non-primary forms	81	160	194	4.3	5.1	6.6	86	86	90
582 Plates, sheets, foil and strip, of plastics	73	131	174	5.8	5.9	8.0	87	86	92
2 Crude materials, inedible, except fuels	151	248	236	2.7	2.7	2.6	30	29	25
9 Goods not classified elsewhere	311	558	3	14.3	14.8	0.4	76	64	32

1. Standard International Trade Classification (SITC), Revision 3 (see Appendix 15)

Source: DESA/UNSD (United Nations Comtrade database)

Appendix 7 Detailed breakdown of imports from Russia to Kazakhstan

Product group ¹	Average annual value of imports			Share of Kazakhstan's imports			Share of Russia's exports		
	\$mn			per cent			per cent		
	05-08	11-13	14	05-08	11-13	14	05-08	11-13	14
Total	10,243	17,117	13,808	36.7	39.1	33.4	3.0	2.9	2.8
7 Machinery, transport equipment	2,370	4,010	4,258	20.6	24.6	25.1	16.4	19.8	20.3
78 Road vehicles	606	996	1,682	22.2	31.8	39.3	22.3	33.8	53.1
781 Motor cars for transport of persons	107	477	1,160	7.4	33.8	49.8	13.3	46.9	74.7
782 Lorries, special motor vehicles n.e.s.	291	257	279	39.8	33.7	37.4	28.1	26.5	31.7
77 Electric machinery, n.e.s.and parts	364	654	650	24.8	27.7	27.6	18.7	20.6	21.0
775 Household type equipment n.e.s.	57	149	177	22.1	33.2	38.1	24.4	27.8	29.4
74 General industrial machinery n.e.s.	476	618	499	19.8	22.0	17.2	24.7	25.6	24.5
79 Other transport equipment	390	677	443	32.7	27.5	26.4	15.4	18.1	14.8
791 Railway vehicles	275	600	406	52.7	35.5	46.6	29.7	41.7	46.8
72 Machinery for specialized industries	287	385	356	15.0	20.4	15.3	27.0	30.6	32.2
71 Power generating machinery and equipment	170	333	280	29.1	36.3	30.8	4.4	7.6	6.3
76 Telecommunications and sound recording equipm	32	232	259	5.9	16.1	16.8	5.6	15.4	12.5
761 Television receivers	2	158	158	4.6	64.3	66.3	15.9	30.0	27.2
6 Basic manufactures	2,454	3,688	3,335	40.7	44.0	44.5	4.8	6.1	6.4
67 Iron and steel	1,208	1,766	1,388	45.7	52.4	57.1	5.2	7.1	6.9
676 Iron and steel bars, rods, angles and shapes	433	582	525	65.3	91.4	87.8	18.1	22.6	24.4
679 Tubes, pipes etc, iron, steel	452	798	458	30.0	39.5	36.5	23.9	33.7	25.9
66 Non-metallic mineral manufactures, n.e.s.	349	555	533	42.4	49.9	50.0	13.0	8.9	7.9
69 Manufactures of metals, n.e.s.	306	424	458	25.5	27.3	28.1	14.8	16.2	21.8
64 Paper, paperboard and articles thereof	147	283	305	37.5	45.4	48.2	8.6	13.0	12.1
641 Paper and paperboard	110	168	156	44.3	48.6	45.3	6.8	9.4	8.5
63 Wood and cork manufactures	115	203	238	53.4	50.0	55.4	11.8	11.8	10.4
634 Plywood, particle board etc.	72	157	191	56.4	59.2	67.8	9.8	10.8	9.4
62 Rubber manufactures, n.e.s.	167	257	226	46.7	39.2	38.3	21.3	19.0	19.2
625 Rubber tyres and tubes	137	199	173	55.5	43.5	44.2	23.9	18.3	17.3
3 Mineral fuels etc	3,061	4,419	1,713	86.3	87.5	73.9	1.3	1.2	0.5
33 Petroleum and products	2,695	3,980	1,372	95.3	95.2	82.2	1.5	1.4	0.6
334 Petroleum products, refined	880	1,285	1,120	87.5	86.9	79.3	1.6	1.3	1.1
333 Crude petroleum	1,717	2,514	188	100.0	100.0	99.9	1.4	1.4	0.1
32 Coal, coke and briquettes	144	230	164	73.6	80.6	88.6	2.3	1.8	1.3
5 Chemicals and related products, n.e.s.	738	1,446	1,399	30.9	31.8	30.1	4.3	5.5	5.6
55 Perfume, cleaning etc.preparations	146	289	293	38.8	42.5	44.6	21.8	27.2	23.7
554 Soap, cleansing and polishing preparations	102	166	162	68.7	59.6	61.0	24.2	34.0	26.2
57 Plastics in primary forms	68	204	260	24.4	33.6	41.4	8.4	13.7	17.0
59 Chemical materials and products, n.e.s.	99	183	180	23.6	29.6	27.1	18.9	22.2	18.2
58 Plastics in non-primary forms	74	145	159	31.3	38.8	39.1	21.1	24.7	26.4
52 Inorganic chemicals	170	233	148	72.5	55.5	39.2	3.7	4.5	3.2
0 Food and live animals	643	1,340	1,267	40.7	38.2	35.5	12.2	9.5	8.8
09 Miscellaneous edible products and preparations	162	252	226	67.2	59.1	52.2	33.1	26.9	26.7
098 Edible products and preparations n.e.s.	133	216	194	65.2	56.3	49.5	32.5	28.9	29.5
07 Coffee, tea, cocoa, spices	82	236	222	36.5	52.3	50.9	19.2	26.9	30.1
073 Chocolate and products	67	187	173	57.3	81.6	81.1	22.9	30.8	36.3
02 Dairy products and birds' eggs	134	206	205	51.0	49.1	47.3	49.0	51.2	52.8
04 Cereals and cereal preparations	102	183	183	64.0	65.9	70.4	3.5	2.9	2.7
048 Cereal etc.preparations	81	152	151	61.5	65.2	67.5	28.6	34.9	35.8
8 Miscellaneous manufactured articles	452	1,299	1,047	26.1	29.0	22.1	17.2	23.6	17.5
89 Miscellaneous manufactured articles, n.e.s.	174	411	398	31.7	31.4	32.9	17.2	16.0	11.6
893 Articles of plastics n.e.s.	71	177	184	35.7	41.2	41.1	28.4	39.3	44.1
87 Instruments and apparatuses n.e.s.	91	488	151	19.5	42.9	18.4	10.8	28.1	12.3
874 Measuring, controlling and analysing instruments	63	434	100	19.5	54.3	20.6	9.6	31.2	11.5
2 Crude materials, inedible, except fuels	268	496	427	56.5	64.3	51.5	2.0	2.8	3.4
28 Metalliferous ores and metal scrap	93	298	287	51.0	72.8	53.8	2.3	5.8	8.2
289 Ores, waste and scrap of precious metals	0	185	178	89.5	91.4	81.8	0.0	55.6	31.4
1 Beverages and tobacco	170	262	244	54.6	53.7	49.7	22.7	20.4	19.4

1. Standard International Trade Classification (SITC), Revision 3 (see Appendix 15)

Source: DESA/UNSD (United Nations Comtrade database)

Appendix 8 Detailed breakdown of imports from Belarus to Kazakhstan

Product group ¹	Average annual value of imports			Share of Kazakhstan's imports			Share of Belarus's exports		
	\$mn			per cent			per cent		
	05-08	11-13	14	05-08	11-13	14	05-08	11-13	14
Total	321	666	774	1.2	1.5	1.9	1.3	1.9	2.4
7 Machinery, transport equipment	161	220	293	1.4	1.4	1.7	3.3	4.4	6.4
72 Machinery for specialized industries	39	55	109	2.0	2.9	4.7	3.4	6.5	9.3
722 Tractors	24	35	53	18.2	29.7	36.4	3.2	5.0	7.9
721 Agricultural machinery, excl.tractors	4	9	45	1.2	2.8	12.7	3.5	10.9	14.9
78 Road vehicles	79	81	104	2.9	2.6	2.4	4.2	3.3	7.0
782 Lorries, special motor vehicles n.e.s.	56	35	45	7.6	4.7	6.0	5.5	3.0	7.0
781 Motor cars for transport of persons	0	10	28	0.0	0.7	1.2	0.3	7.7	13.8
783 Road motor vehicles n.e.s.	8	17	14	3.6	5.5	4.8	2.0	3.7	9.8
77 Electric machinery, n.e.s.and parts	15	36	36	1.0	1.5	1.5	1.6	3.5	3.3
773 Electric distributing equipment	1	8	14	0.3	2.1	4.1	0.5	3.6	6.0
775 Household type equipment n.e.s.	8	16	12	3.3	3.7	2.5	2.2	4.3	3.3
74 General industrial machinery n.e.s.	17	23	24	0.7	0.8	0.8	3.3	4.2	4.6
79 Other transport equipment	3	14	14	0.2	0.6	0.8	8.9	27.7	28.3
791 Railway vehicles	2	9	14	0.3	0.5	1.6	9.3	27.8	28.6
0 Food and live animals	33	131	131	2.1	3.7	3.7	2.0	3.8	3.5
02 Dairy products and birds' eggs	22	74	63	8.6	17.8	14.5	2.8	4.3	2.9
022 Milk and cream	21	54	47	12.2	20.2	16.0	5.6	6.1	4.4
023 Butter etc.	1	14	11	8.1	40.3	24.8	1.4	5.1	3.1
06 Sugars, sugar preparations and honey	7	21	28	2.6	5.5	8.2	4.0	11.2	14.1
061 Sugars, molasses and honey	7	20	28	3.1	6.9	10.6	4.4	11.6	14.6
01 Meat and meat preparations	0	22	17	0.2	5.5	4.9	0.1	2.5	1.8
011 Bovine meat, fresh, chilled or frozen	0	16	10	0.0	27.6	23.4	0.0	4.3	2.5
05 Vegetables and fruit	1	3	16	0.5	0.3	1.5	1.0	1.3	7.2
6 Basic manufactures	66	142	110	1.1	1.7	1.5	1.7	2.8	2.5
62 Rubber manufactures, n.e.s.	26	63	39	7.3	9.6	6.7	5.5	8.9	9.4
625 Rubber tyres and tubes	25	61	38	10.0	13.5	9.8	5.6	9.3	10.2
63 Wood and cork manufactures	9	34	24	4.3	8.3	5.6	4.4	9.5	6.4
635 Wood manufactures n.e.s.	6	23	14	6.6	16.9	9.4	4.7	11.5	9.8
69 Manufactures of metals, n.e.s.	10	19	17	0.8	1.2	1.0	1.5	2.0	2.2
8 Miscellaneous manufactured articles	41	103	106	2.4	2.3	2.2	2.6	4.2	4.8
82 Furniture and parts thereof	21	46	49	7.0	9.8	9.9	5.5	10.7	10.1
821 Furniture, bedding, mattresses, cushions etc.	21	46	49	7.0	9.8	9.9	5.5	10.7	10.1
89 Miscellaneous manufactured articles, n.e.s.	10	30	19	1.8	2.3	1.6	3.1	3.2	3.6
893 Articles of plastics n.e.s.	5	13	15	2.4	3.1	3.3	2.7	3.1	3.9
81 Prefabr.buildings;sanitary, lighting etc.fixtrs	3	8	18	1.6	2.1	4.4	3.1	7.4	10.4
811 Prefabricated buildings	0	0	12	0.1	0.1	6.4	0.3	0.7	12.1
84 Articles of apparel and clothing accessories	3	8	12	2.4	1.2	1.2	0.7	1.4	2.2
3 Mineral fuels etc	0	16	82	0.0	0.3	3.5	0.0	0.1	0.7
33 Petroleum and products	0	16	82	0.0	0.4	4.9	0.0	0.1	0.8
334 Petroleum products, refined	0	16	81	0.0	1.1	5.8	0.0	0.1	0.9
5 Chemicals and related products, n.e.s.	16	45	38	0.7	1.0	0.8	0.5	0.7	0.9
54 Medicinal and pharmaceutical products	8	16	14	1.4	1.2	1.0	12.1	11.5	10.3
542 Medicaments, incl. veterinary medicaments	8	16	14	1.6	1.5	1.3	12.7	12.7	11.6

1. Standard International Trade Classification (SITC), Revision 3 (see Appendix 15)

Source: DESA/UNSD (United Nations Comtrade database)

Appendix 9 Detailed breakdown of imports from Russia to Belarus

Product group ¹	Average annual value of imports			Share of Belarus's imports			Share of Russia's exports		
	€m			per cent			per cent		
	05-08	11-13	14	05-08	11-13	14	05-08	11-13	14
Total	15,973	24,851	21,869	59.7	55.1	54.0	4.7	4.0	3.3
3 Mineral fuels etc	9,129	15,296	11,598	99.0	93.3	97.9	4.1	3.5	2.4
33 Petroleum and products	7,282	10,867	7,862	99.4	92.8	99.0	4.3	3.9	3.0
333 Crude petroleum	6,639	8,074	7,629	100.0	91.4	100.0	5.7	4.4	5.1
334 Petroleum products, refined	623	2,785	201	94.0	96.9	71.9	1.2	2.9	0.1
34 Gas, natural and manufactured	1,751	4,170	3,594	100.0	100.0	100.0	3.7	2.6	0.3
343 Natural gas	1,676	4,026	3,411	100.0	100.0	100.0	3.5	2.5	0.0
344 Petroleum gases, n.e.s.	38	123	148	100.0	100.0	100.0	47.6	21.7	30.9
6 Basic manufactures	2,315	3,196	2,883	53.4	50.1	50.3	4.6	5.0	5.1
67 Iron and steel	1,192	1,546	1,182	65.3	65.3	72.1	5.4	6.0	5.3
676 Iron and steel bars, rods, angles and shapes	236	377	278	62.1	68.3	70.2	10.1	12.4	11.8
673 Flat-rolled products, of iron or non-alloy steel	309	383	239	64.1	73.7	77.6	6.3	8.6	6.1
679 Tubes, pipes etc, iron, steel	232	288	239	66.8	64.0	77.0	13.9	13.1	11.9
674 Flat-rolled products of iron or non-alloy steel, coated	69	121	141	49.3	48.1	66.8	16.6	26.5	29.2
675 Flat-rolled products of alloy steel	183	171	94	78.0	62.2	59.3	11.4	12.4	10.4
69 Manufactures of metals, n.e.s.	227	353	349	39.8	33.1	30.5	11.2	11.7	12.6
699 Other metal manufactures	91	146	129	36.4	32.4	28.0	8.5	8.4	9.5
68 Non-ferrous metals	309	441	344	72.6	72.2	69.5	1.6	2.2	2.0
682 Copper excl.cement copper	169	249	173	81.0	84.0	85.2	4.1	4.3	3.1
684 Aluminium	122	167	152	64.5	60.3	57.9	1.7	2.1	2.4
64 Paper, paperboard and articles thereof	180	232	314	52.0	43.7	49.0	10.5	9.3	15.1
641 Paper and paperboard	140	157	168	62.7	45.8	44.5	8.8	7.5	11.5
642 Paper and paperboard, pre-cut and articles	40	75	146	32.5	39.8	55.5	31.5	21.5	31.8
66 Non-metallic mineral manufactures, n.e.s.	137	202	242	42.2	36.9	40.6	5.1	3.5	4.0
65 Textile yarn, fabrics, made up articles, etc.	133	176	221	28.6	27.2	34.4	26.3	23.9	22.9
7 Machinery, transport equipment	1,492	2,331	2,147	27.4	25.2	25.9	10.6	9.9	8.9
77 Electric machinery, n.e.s.and parts	330	546	553	35.8	37.9	41.3	16.7	14.7	15.5
775 Household type equipment n.e.s.	58	136	177	37.2	58.8	70.3	24.8	20.0	25.8
773 Electric distributing equipment	106	166	126	64.9	61.2	65.0	23.6	25.4	24.4
78 Road vehicles	215	322	422	22.3	19.7	34.3	7.5	10.4	12.2
781 Motor cars for transport of persons	30	126	247	7.5	25.7	59.0	3.9	11.0	16.1
74 General industrial machinery n.e.s.	307	398	348	26.7	20.2	18.4	16.4	13.2	13.4
76 Telecommunications and sound recording equipm	24	224	277	8.1	33.3	39.6	3.6	8.6	9.7
764 Telecommunications equipment, parts and accessories nes.	19	91	135	7.4	19.3	27.4	2.9	5.9	12.9
71 Power generating machinery and equipment	340	422	263	55.5	40.2	39.4	10.7	8.8	4.9
713 Internal combustion piston engines	222	269	171	62.7	49.9	45.3	40.7	50.6	43.4
72 Machinery for specialized industries	139	129	101	14.9	9.9	8.0	12.1	9.7	10.0
79 Other transport equipment	104	206	77	58.4	43.8	26.9	5.3	5.3	4.0
791 Railway vehicles	103	205	76	58.7	44.1	27.0	13.1	13.6	11.5
5 Chemicals and related products, n.e.s.	940	1,464	1,518	37.9	33.6	33.0	6.0	5.2	5.8
57 Plastics in primary forms	155	264	329	35.4	29.5	36.1	18.7	14.9	17.9
575 Other plastics, in primary forms	61	112	157	33.5	34.1	43.9	21.3	18.5	20.8
51 Organic chemicals	212	244	253	60.0	41.4	39.9	6.0	5.0	5.4
58 Plastics in non-primary forms	139	209	223	45.7	42.5	39.8	39.5	34.7	33.6
582 Plates, sheets, foil and strip, of plastics	81	143	145	46.9	46.3	39.5	41.2	40.5	35.2
55 Perfume, cleaning etc.preparations	92	144	216	39.9	40.9	47.3	13.1	10.9	21.7
52 Inorganic chemicals	102	169	164	59.5	54.9	63.3	3.8	3.1	3.0
59 Chemical materials and products, n.e.s.	87	124	126	26.9	24.7	24.1	16.3	15.0	11.9
9 Goods not classified elsewhere	469	193	1,050	39.0	11.1	54.3	3.8	0.4	0.0
93 Special transactions and commodities not classified	469	193	1,050	39.0	11.1	54.3	3.8	0.5	0.0
931 Special transactions and commodities not classified	469	193	1,050	39.0	11.1	54.3	3.8	0.5	0.0
0 Food and live animals	460	644	1,003	27.6	22.1	24.8	8.3	4.0	5.5
07 Coffee, tea, cocoa, spices	91	127	188	53.9	47.0	55.3	20.5	12.9	17.5
09 Miscellaneous edible products and preparations	82	119	168	49.9	45.6	50.7	15.9	12.5	17.4
098 Edible products and preparations n.e.s.	74	95	142	48.1	41.1	47.1	17.2	12.3	18.2
03 Fish and fish preparations	70	91	136	27.7	25.1	27.8	11.1	1.9	2.8
08 Feeding stuff for animals	21	51	134	7.6	9.3	22.2	10.1	5.2	10.3
081 Feeding stuff for animals	21	51	134	7.6	9.3	22.2	10.1	5.2	10.3
8 Miscellaneous manufactured articles	323	557	783	31.0	29.1	32.5	12.2	9.3	10.6
89 Miscellaneous manufactured articles, n.e.s.	154	217	279	37.4	33.8	35.2	15.8	10.0	8.8
893 Articles of plastics n.e.s.	88	122	144	43.4	40.3	40.1	32.8	23.3	25.4
84 Articles of apparel and clothing accessories	21	114	191	27.0	46.5	50.3	12.8	23.9	25.2
2 Crude materials, inedible, except fuels	675	979	701	71.9	63.7	63.9	4.8	4.4	4.5
28 Metalliferous ores and metal scrap	356	499	374	98.5	96.1	96.7	8.8	5.9	8.7
282 Iron and steel scrap	351	465	372	100.0	99.1	99.2	14.1	18.3	22.0
27 Crude fertilizers and crude minerals	113	180	149	64.8	55.9	63.5	10.6	10.4	8.6
23 Crude rubber (incl.synthetic)	119	197	84	59.7	51.5	50.7	8.3	7.1	4.6

1. Standard International Trade Classification (SITC), Revision 3 (see Appendix 15)

Source: DESA/UNSD (United Nations Comtrade database)

Appendix 10 Detailed breakdown of imports from Kazakhstan to Belarus

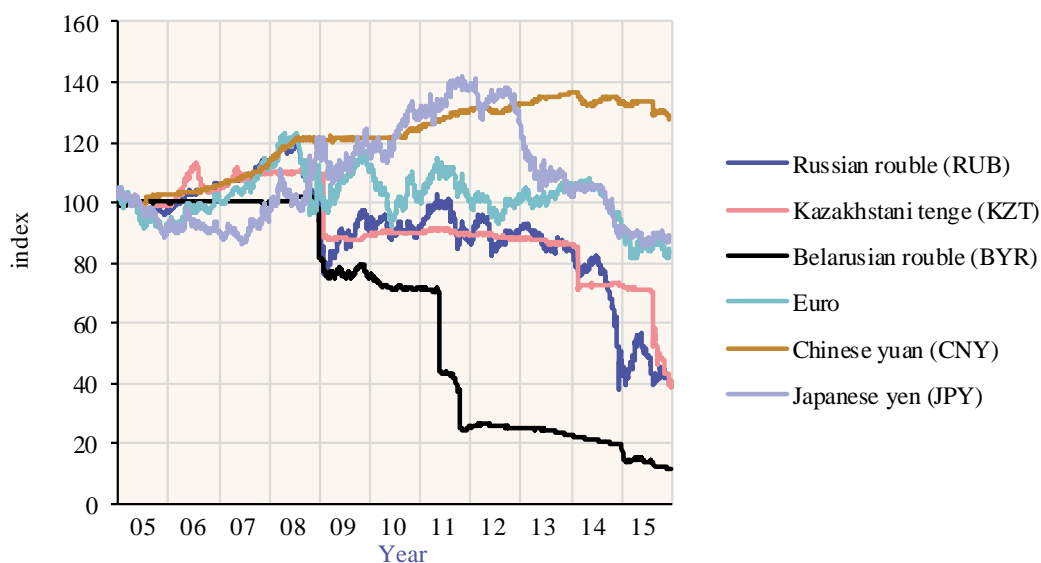
Product group ¹	Average annual value of imports			Share of Belarus's imports			Share of Kazakhstan's exports		
	\$mn			per cent			per cent		
	05-08	11-13	14	05-08	11-13	14	05-08	11-13	14
Total	107	111	82	0.4	0.2	0.2	0.2	0.1	0.1
6 Basic manufactures	61	58	31	1.4	0.9	0.5	0.7	0.4	0.4
68 Non-ferrous metals	4	18	25	1.1	3.0	5.0	0.1	0.2	0.7
684 Aluminium	0	17	24	0.0	6.3	9.2	0.0	2.1	6.3
683 Nickel	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
67 Iron and steel	53	36	5	2.9	1.5	0.3	1.4	0.6	0.2
674 Flat-rolled products of iron or non-alloy steel, coated	20	25	5	14.0	10.1	2.3	3.2	4.2	1.2
673 Flat-rolled products, of iron or non-alloy steel	31	10	0	6.4	1.9	0.1	3.2	0.6	0.0
7 Machinery, transport equipment	8	12	21	0.1	0.1	0.3	1.9	0.9	0.2
78 Road vehicles	1	7	18	0	0.4	1.5	2.3	6.6	6.2
782 Lorries, special motor vehicles n.e.s.	0	5	10	0.0	1.4	6.0	2.4	9.3	20.3
783 Road motor vehicles n.e.s.	0	0	6	0.0	0.2	8.0	0.0	0.0	0.0
5 Chemicals and related products, n.e.s.	7	11	17	0.3	0.3	0.4	0.5	0.2	0.5
56 Fertilizers, manufactured	0	6	13	0.3	2.9	13.2	0.7	4.9	17.2
562 Fertilizers, manufactured, other than those of group 272	0	6	13	0.3	2.9	13.2	0.7	4.9	17.2
52 Inorganic chemicals	5	5	3	3.0	1.5	1.1	0.4	0.1	0.1
3 Mineral fuels etc	0	13	6	0.0	0.1	0.1	0.0	0.0	0.0
33 Petroleum and products	0	13	6	0.0	0.1	0.1	0.0	0.0	0.0
334 Petroleum products, refined	0	13	6	0.0	0.5	2.3	0.0	0.3	0.1
2 Crude materials, inedible, except fuels	11	10	5	1.2	0.7	0.5	0.2	0.2	0.2
26 Textile fibres and their wastes	8	4	4	11.5	3.5	4.1	1.1	2.3	3.9
263 Cotton	8	4	4	42.2	11.1	15.9	1.4	2.5	4.2
0 Food and live animals	21	7	0	1.2	0.2	0.0	1.2	0.3	0.0
04 Cereals and cereal preparations	21	7	0	9.1	2.9	0.0	1.5	0.4	0.0
041 Wheat, unmilled	17	6	0	38.7	27.9	0.0	2.0	0.6	0.0

1. Standard International Trade Classification (SITC), Revision 3 (see Appendix 15)

Source: DESA/UNSD (United Nations Comtrade database)

Appendix 11 Values of chosen currency units

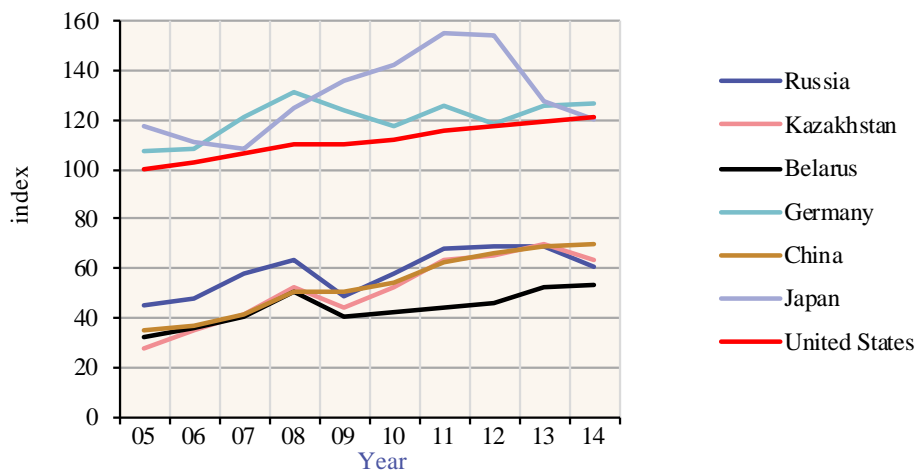
value of the currency unit in terms of USD, 1 Apr 2005 = 100



Sources: European Central Bank, National Bank of Belarus

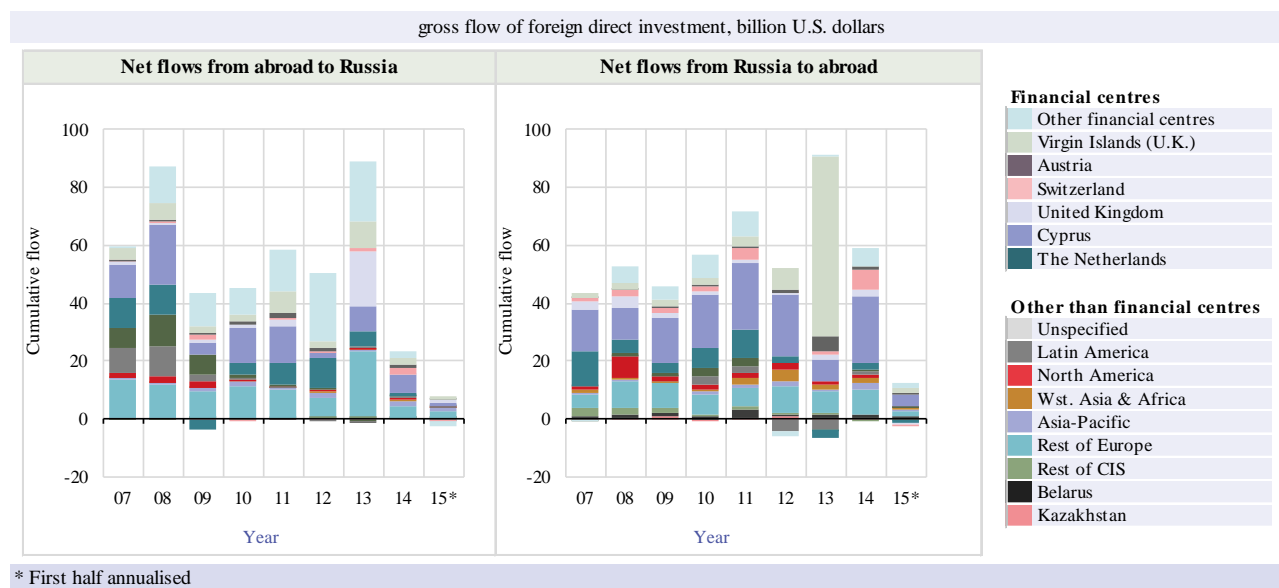
Appendix 12 Domestic price levels in chosen countries

domestic price level in terms of USD, price level in the U.S. in 2005 = 100



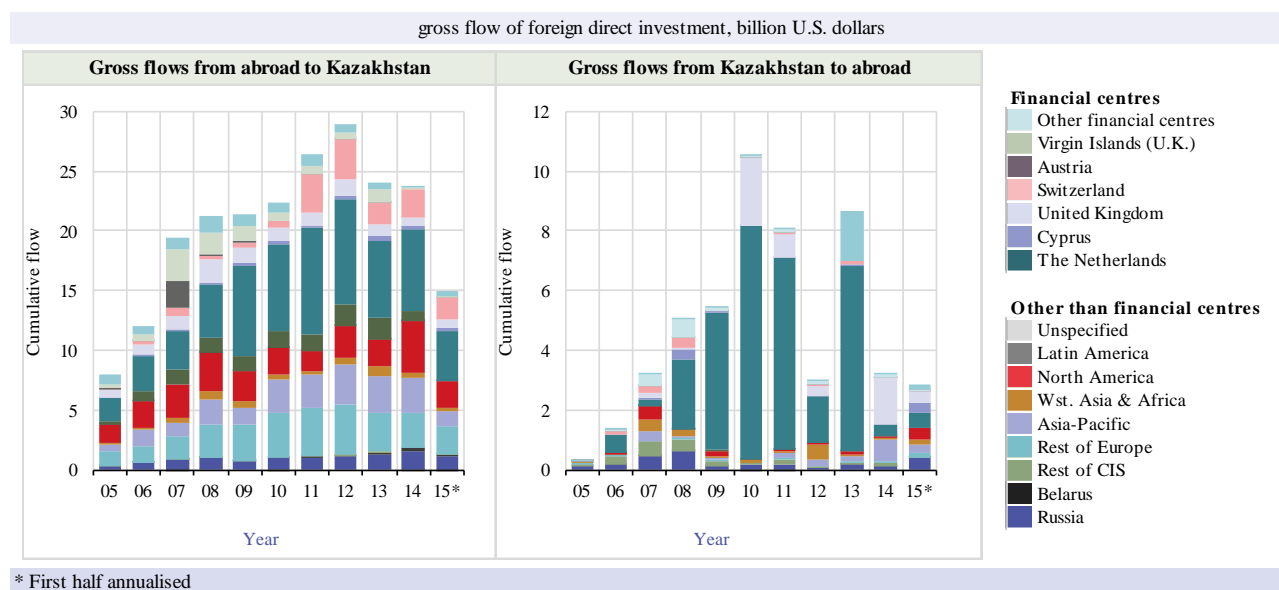
Source: World Bank

Appendix 13 Gross flow of foreign direct investment from and to Russia



Source: Central Bank of Russia

Appendix 14 Gross flow of foreign direct investment from and to Kazakhstan



Source: National Bank of Kazakhstan

Appendix 15 Standard International Trade Classification (SITC), revision 3

0 Food and live animals	6 Basic manufactures (or, manufactured goods classified chiefly by material)
00 Live animals	61 Leather, dressed fur, etc.
01 Meat and meat preparations	62 Rubber manufactures, n.e.s.
02 Dairy products and birds' eggs	63 Wood and cork manufactures
03 Fish and fish preparations	64 Paper, paperboard and articles thereof
04 Cereals and cereal preparations	65 Textile yarn, fabrics, made up articles, etc.
05 Vegetables and fruit	66 Non-metallic mineral manufactures, n.e.s.
06 Sugars, sugar preparations and honey	67 Iron and steel
07 Coffee, tea, cocoa, spices	68 Non-ferrous metals
08 Feeding stuff for animals	69 Manufactures of metals, n.e.s.
09 Miscellaneous edible products and preparations	
1 Beverages and tobacco	7 Machinery, transport equipment
11 Beverages	71 Power generating machinery and equipment
12 Tobacco and tobacco manufactures	72 Machinery for specialized industries
2 Crude materials, inedible, except fuels	73 Metal working machinery
21 Hides, skins, fur skins, raw	74 General industrial machinery n.e.s.
22 Oil seeds, oleaginous fruits	75 Office machines and automatic data processing machines
23 Crude rubber (incl. synthetic)	76 Telecommunications and sound recording equipment
24 Cork and wood	77 Electric machinery, n.e.s. and parts
25 Pulp and waste paper	78 Road vehicles
26 Textile fibres and their wastes	79 Other transport equipment
27 Crude fertilizers and crude minerals	
28 Metalliferous ores and metal scrap	8 Miscellaneous manufactured articles
29 Crude animal, vegetable materials n.e.s.	81 Prefabricated buildings; sanitary, lighting etc. fixtures
3 Mineral fuels etc.	82 Furniture and parts thereof
32 Coal, coke and briquettes	83 Travel goods, handbags and similar containers
33 Petroleum and products	84 Articles of apparel and clothing accessories
34 Gas, natural and manufactured	85 Footwear
35 Electric current	87 Instruments and apparatus n.e.s.
4 Animal and vegetable oils, fats and waxes	88 Photographic equipment, optical goods etc.
41 Animal oils and fats	89 Miscellaneous manufactured articles, n.e.s.
42 Fixed vegetable fats and oils	
43 Processed animal or vegetable oils, etc.	9 Goods not classified elsewhere
5 Chemicals and related products, n.e.s.	93 Special transactions and commodities not classified
51 Organic chemicals	96 Coin (not gold coin or legal)
52 Inorganic chemicals	97 Gold, non-monetary
53 Dyeing, tanning and colouring material	
54 Medicinal and pharmaceutical products	
55 Perfume, cleaning etc. preparations	
56 Fertilizers, manufactured	
57 Plastics in primary forms	
58 Plastics in non-primary forms	
59 Chemical materials and products, n.e.s.	
n.e.s.: not elsewhere specified	

Source: Finnish Customs

Appendix 16 Country groups

Group	Members	Comments
CIS		
Russia		
Kazakhstan		
Belarus		
Rest of CIS	Ukraine, Moldova, Armenia, Georgia, Azerbaijan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan	The group includes all the other initial members although Georgia has withdrawn and Ukraine no longer fully cooperates.
Rest of the world		
Rest of Europe	All countries within the conventional borders of Europe that do not belong to the groups above	Includes the Baltics, excludes Turkey
Asia-Pacific	South Asia, East Asia, South East Asia, Oceania	Includes Afghanistan
Western Asia and Africa	Countries on the Eurasian continent south of Central Asia and South Caucasus and west of Afghanistan, and the African Continent	Includes Turkey
North America	United States, Canada	
Latin America	South America, Central America, the Caribbean	Includes Mexico
Unspecified	All categories that do not specify a partner country, area or territory	Includes WITS categories 'Bunkers', 'Free Zones', 'Neutral Zone', 'Special Categories', 'Unspecified'

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