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Kazakhstan



EurAsEC, Customs Union and CIS summits were held in Minsk

On May 19 Prime Ministers of Russia, Belarus and Kazakhstan held a meeting, which is the last meeting of the Customs Union before July 1, when the customs control will be moved to the outer border of CU. Since then goods of CU member-countries will move within CU freely.

The key issue discussed by Prime Ministers of the Commonwealth is an Agreement on Free Trade Zone. The Agreement is supposed to set out effective exemptions from the free trade regime as well as to set commitments to keep the list as it is without expanding it and launch talks to gradually cancel export duties. Yet, the participants failed to come to a common decision and the document was sent for adaptation until autumn.

Prime Ministers have also discussed the interstate innovation cooperation between the CIS countries for the period until 2020, as well as organizational aspects of the EurAsEC Court, which will open in Minsk in January 2012.

Commission members considered the issues of customs control: on introducing of Amendments and Addenda to the procedure of declaring the customs value of goods; on the forms of certificate for international carriage of goods under customs seals and stamps, and the order of their issuance and usage; on the introduction of amendments to the decision of the Customs Union Commission as of July 18, 2010 No. 289 "On the form and procedure for

filling the transit declaration"; on adjustment of the Plan for the transfer of agreed types of state control at the external border of the Customs Union in respect of the Kazakh-Russian border, approved by the decision of the Customs Union Commission No.106 as of October 21, 2009.

Meeting participants reviewed a number of issues of customs regulation and control: the abolition of state control on the Kazakh - Russian and Belarusian - Russian border, transfer of state control to external border of the Customs Union, on making amendments to the procedure of customs declaration of goods, on the forms of the certificate of approval for international carriage of goods under customs seals and stamps.

Federal Customs Service of Russia (FCS) will fire 3,600 employees from the Russian - Kazakh and Russian - Belarusian border. Customs officers will be dismissed following the removal of controls from the internal borders of CU in July this year. The relevant draft decree has already been worked out.

The Sides also reviewed the application of special protective, anti-dumping and countervailing measures, discussed the issues of technical regulation, application of sanitary, veterinary and phytosanitary measures.

Despite the fact that Customs Union will start operating in full only on July 1, Kazakhstan has already experienced the influx of Russian businessmen who prefer to register their business in Kazakhstan, rather than in Russia due to more favorable tax system.

In April of this year, the Head of Russian Union of Industrialists and Entrepreneurs (RUIE), Alexander Shokhin, warned Russian Prime Minister Vladimir Putin that Kazakhstan has more liberal laws for entrepreneurs.

He suggested Government to harmonize national legislation, as lagging behind in national laws leads to loss of competitiveness of Russian jurisdiction not only in comparison with international or offshore jurisdictions, but also of neighbors one.

How Russian legislation will be harmonized is not clear now, but Kazakhs fear that Moscow will lobby for their interests, which will lead to increase in prices (to the Russian level) within the country.

Sources: Official Website of Customs Union (www.tsouz.ru);

BBC News Agency (www.bbc.co.uk);

IA Regnum.Ru (www.regnum.ru).

Translated by: www.usapeec.kz - USAPEEC Central Asia Eastern Europe office

Russia calls for setting up agro-industrial association within Customs Union

Ministry of Agriculture of Russia Elena Skrynnik calls for setting up agro-industrial association within the Customs Union which will allow to form common agricultural policy. This Union will comprise all the Belarus and Kazakhstan (including meat and dairy industries).



She noted that it is high time to establish agro-industrial association within the framework of Customs Union in order to consolidate position of the agro-industrial association in the issues which cannot be settled within the scope of one state, and effective interaction between business and the state.

The main tasks of the new association will include the interaction of countries in the formation of a unified agricultural policy, quick solution of agriculture and agricultural market development issues, development of uniform veterinary and phytosanitary requirements with regard to tariff and customs policy, as well as interaction with other international associations.

E. Skrynnik also added that it planned to set up a working group comprising representatives from all three countries, in order to move to concrete solutions to create a common industry-union. The establishment of such an association will be another move towards integration of these countries' economies. Earlier, the First Deputy Prime Minister of Russia Igor Shuvalov has

instructed the Ministry of Agriculture together with its counterparts from Belarus and Kazakhstan to study the possibilities of uniting of food associations of the three countries of the Customs Union.

E. Skrynnik underlined that it is important that Russia, Belarus and Kazakhstan shall ensure non-discriminating conditions for the effective development of the agricultural production in each country, since integration should run on a mutually advantageous basis taking into account national interests and competitive advantages of each participant country.

As of today, the important moves made in this field include the practice of preparing forecasts for the main groups of foodstuffs (meat, milk and grain). She specified that Belarus had been practicing this approach since 2007. Last year, similar balances were signed with Kazakhstan.

The Minister noted that it is an effective mechanism ensuring mutually advantageous cooperation. The Customs Union members signed an agreement on uniform rules of state support of agriculture. Maximum support for measures which might distort trade is capped at 10 percent.

A transitional period for Belarus was set until 2016, during which it will have to decrease the level of support from 16 to 10 percent.

E. Skrynnik noted that the Customs Union's priority is to step up trade turnover to make a solid groundwork for integration processes.

Trade turnover between the three countries has been steadily growing in the past four years. In 2010, it exceeded USD 4 billion dollars. There is a steady demand for Belarusian dairy products, meat and meat products on the Russian market. For its part, Russia exports grain, fish and oil products. It mostly exports to Kazakhstan dairy, fat, oil products, tobacco, alcoholic beverages, and imports vegetables and fish.

*Source: IA ProFinance (www.profinance.kz);
Translated by: www.usapeec.kz - USAPEEC
Central Asia Eastern Europe office*

Agreement on uniform rules of technical regulation in Customs Union approved



Majilis, lower Chamber of Kazakhstan Parliament has approved a draft law "On ratification of agreement on uniform principals and

rules of technical regulations in Kazakhstan, Belarus and Russia". According to document, the Sides form a Unified list of products in respect of which mandatory requirements under the Customs Union are applied.

The draft law is submitted to the Senate of the Parliament for further consideration. Under this agreement the goods complying with requirements of technical regulations of CU, can circulate on its territory without application of any additional requirements. The document was signed in St. Petersburg on November 18, 2010.

According to the norms of the agreement, the technical regulations of the Customs Union are directly applicable in the customs territory of the Union. The Member-States shall ensure circulation of products (conforming to the requirements of technical regulations of CU) on their territories without application of any other additional requirements.

Uniform list is adopted by the Commission of the Customs Union. The Sides are not allowed to introduce to their legislations new requirements for the products that are not included into the unified list.

*Source: The News.KZ News Service
(www.thenews.kz)*

*Translated by: www.usapeec.kz - USAPEEC
Central Asia Eastern Europe office*

Belarus and Kazakhstan stand against of removing veterinary services from the external borders of Customs Union

According to the Minister of Agriculture and Foodstuffs of Belarus Mikhail Rusiy, Belarus and Kazakhstan are against of the Russia's proposal to withdraw veterinary services from

the outer border of the Customs Union and to transfer its functions to Customs authorities. Minister informed that they have a unanimous opinion about Russia's proposal to remove veterinary services from outer borders of CU and about transferring its functions to customs authorities. He also added that Belarus and Kazakhstan authorities are utterly against this, because it goes beyond an agreement on the Customs Union and international veterinary standards.

Mr. Rusiy expressed hope that there will be found serious solutions. "Our veterinarians have worked out a large range of standards, tests, and they track the product from the border to a concrete consumer. Therefore, we will never allow entrance of some disease into Belarus. This is an economic damage", he concluded.

*Source: TKS.RU Website (www.tks.ru)
Translated by: www.usapeec.kz - USAPEEC
Central Asia Eastern Europe office*

Countries of the Customs Union do not want destabilization of the Maghreb and Syria

Syria and Egypt are negotiating on a free trade zone establishment with the Customs Union. As it became known there are real chances to conclude the talks successfully by the end of this year. But the U.S. and the EU have recently declared that they will introduce political and economic sanctions against Syria very soon. As a reminder Libya is at all closed to international trade, and it looks like the same fate is awaiting Syria.

During December 2010 - January 2011 the ways to develop free trade between Russia and CU were discussed almost with all of the countries of North Africa (except Morocco). According to Maxim Medvedkov, the Head of the delegation of negotiators of Customs Union over 10 countries are interested in establishment of FTZ with CU. These are the countries of Asia, North Africa and the Pacific Ocean. At present Russia is working on FTZ establishment with New Zealand, Mongolia, Vietnam, Syria and Egypt.

Syria and Egypt have free trade with most of African and Arab states, the same as Syria has with Iran, which allows these states to automatically join FTZ of Syria and Egypt with the CU. Undoubtedly, such a wide geography will cause a serious increase in industrial production in Russia, Belarus and Kazakhstan.

In addition, many kinds of food and textile raw materials would be supplied to the territory of CU bypassing Western mediators. Payments (by barter or in national currencies) would have cost Russia, Belarus and Kazakhstan at least half cheaper than it costs now. Thus, only participation of Damascus and Cairo in the free trade regime with Russia, Belarus and Kazakhstan would form, one might say, a kind of "pole" that would be an opposite for the dictatorship of the West.

*Source: TKS.RU website (www.tks.ru);
Translated by: www.usapeec.kz - USAPEEC
Central Asia Eastern Europe office*

Kazakhstan: Volumes of meat exports are decreasing



In January-February 2011, volumes of domestically produced meat amounted to 135,400 MT, which is by 7 percent more compared to the same period last year. Significant proportion (89 percent of the total volume) accounted for domestic production, according to the press service of the Customs Control Committee under Ministry of Finance of Kazakhstan.

This year, a two-fold increase in imports of meat and poultry took place, which helped to increase its share in total meat resources from 4 percent in January-February of last year to 10 percent in January-February 2011.

At the same time 76 percent of total imports accounts for poultry meats. The main suppliers of poultry meat to the Kazakh market are the USA (56 percent of the total poultry imports) and Russia (18 percent). This year Kazakhstan virtually hasn't exported livestock products (0.04 percent of total production).

According to Statistics Agency of Kazakhstan, for the past 11 years the share of exports of meat and poultry has tended to decline: in 1999 exports accounted for 14 percent of the total production, in 2010 – 0.2 percent.

Source: Kazakh-Zerno.KZ News Agency (www.kazakh-zerno.kz)

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Kyrgyzstan



Kyrgyzstan and Tajikistan are interested in the Customs Union

On May 19, 2011 during the Customs Union Commission meeting in Minsk Prime Minister of Kyrgyzstan Almazbek Atambaev has officially announced that Kyrgyzstan will join Customs Union.

The Head of Government A. Atambaev announced this during a bilateral meeting with the Russian Prime Minister, Vladimir Putin. The later stated that he supports this decision. Kyrgyzstan expects to receive a USD 106 million loan via Anti-Crisis Fund Community. This money has already been budgeted. And it seems that while Kyrgyzstan intends to enter into the Customs Union, it can count on support from Russia and Kazakhstan in this regard.

Another CIS country - Tajikistan is also interested in joining Customs Union.

According to the Prime Minister of Russia Vladimir Putin Tajik partners have already notified him about their decision.

Russian Prime Minister noted that this initiative is welcomed, and the Customs Union and Common Economic Space are open to new members.

Prime Minister also said that Secretariat of the Eurasian Economic Community and relevant **structures of the Customs Union will consult**

with Kyrgyzstan on the accession of this country to the Customs Union.

Source: The News.KZ News Service (www.thenews.kz)

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After accession to Customs Union food prices will go up by 20-40 percent in Kyrgyzstan

According to the Chairman of the Parliamentary Committee for budget and finance, the Deputy of the faction “Ar-Namys”, Akylbek Japarov if Kyrgyzstan joins Customs Union, the prices for the most popular products can increase by 20-40 percent in Kyrgyzstan.

A.Japarov believes that Kyrgyz authorities should one more time carefully analyze pros and cons of joining the CU. He also noted that if Kyrgyz people come off losers from this membership, the deputies will spoke against this accession.

As a reminder, Prime Minister of Kyrgyzstan Almazbek Atambaev said that the Government has decided to start negotiations on joining the Customs Union of Russia, Kazakhstan and Belarus. He added that Kyrgyz Government is considering this step as a positive factor for the formation of a modern economy based on industrial development. With the entry into the Customs Union Kyrgyzstan will have a unique opportunity to open new markets with over 180 million people.

Source: IA Regnum.RU (www.regnum.ru)

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