

Lisbon Vladivostok

**Concrete steps
towards a common
economic space
Lisbon-Vladivostok**



From Vision to Reality

Concrete steps for a common space from Lisbon to Vladivostok



While I am writing this, I am just enjoying Lisbon. And Vladivostok comes to my mind at the same time, of course. The two cities have a lot in common – not only their water- and seafronts, also the hills you have to climb from the ports to the centers of the cities. It is even more, it is the spirit of European culture. Not only Lisbon is a great European city with a very long history. When I was in Vladivostok for the first time, I was surprised that I experienced a very European place, geographically so far away in Asia. The father of the late legendary designer Karl Lagerfeld used Vladivostok for importing goods from overseas to distribute them all over the Far East area.

So, we seem to have a common history and much potential from Lisbon to Vladivostok. The vision of a common space is not new, however, it needs people who realize the opportunities and do understand how to move forward bringing every one into the same boat.

According to economic studies, the EU could increase its exports to the countries of the Eurasian Economic Union (EAEU) by more than 50 percent if there were a comprehensive trade agreement between the two unions. Vice versa the effects are comparably positive. The economic benefits are obvious, but close economic cooperation between the EU and the EAEU would have advantages that go beyond economics. An agreement would not only offer a strong statement in favour of multilateralism and against protectionism, it would contribute to bringing the Chinese-led Belt & Road Initiative into a better balance. The two ideas of bridging the gap are not really competing against each other, they rather logically complementing each other – Europe&Eurasia. Harmonized technical standards, common customs regulations between the EU and the EAEU would be the benchmark also applying to China. Thus, the concerns of people re-

garding the Chinese and their influence through the New Silk Road concept could be addressed.

Starting in 2019 various talks took place between the Eurasian Economic Commission and the EU Commission at a working level. This dialogue began with technical regulation issues and has been extended into areas like transport and customs regulations, pharmaceutical standards, cooperation on the “Green Deal”, visa liberalization and other areas in need of harmonization. The EU signed or negotiates trade agreements with most countries and regions of the world and thus would address one of the few remaining blank spots dealing with the EAEU.

A rapprochement between the EU and EAEU is a real win-win situation for all countries from the Atlantic to the Pacific and certainly comprises also those countries which are not members of the EU or the EAEU. It is an anchor for a peaceful path for a common space. History teaches us that more trade and more foreign investments contribute to a better understanding and a more fruitful future among countries.

We, more than 100 firms and associations from 12 countries of the EU and the EAEU have developed concrete proposals for the two unions, explaining how they can start working on such an ambitious task in order to turn a common economic space from Lisbon to Vladivostok a reality.

I hope you find our initiative makes lots of sense for you. We appreciate your support in regards of this promising project.

Sincerely yours,

Ulf Schneider

Chairman of the business initiative for a common economic space from Lisbon to Vladivostok

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Our Idea

The vision of a common economic space from Lisbon to Vladivostok has a long history since the 1950s. The Initiative believes that this vision can be turned into reality, and sees a multi-level partnership between the European Union (EU) and the Eurasian Economic Union (EAEU) as the core aspect of such a common economic space.

Cooperation between EU and EAEU will bring enormous benefits for trade and business, especially for small and midsize companies in Europe and Eurasia.

The Initiative was founded in 2015 and is driven by businesses, business associations, and think tanks from different member countries of the EU and the EAEU. Among the founding members are the German-Russian Forum, the German Chamber of Commerce, and the German Eastern Business Association, as well as corporations such as Siemens, Bosch, Severstal, and many others.

Today the Initiative counts on more than 100 members from 12 countries from the EU and the EAEU. It sees itself as an open circle involving all countries from Lisbon to Vladivostok. The supporting institutions strive to create a multi-laterally-focused movement that goes beyond the status quo.

Lisbon  Vladivostok

The logo consists of two circular icons connected by a curved line. The first icon, positioned over the 'n' in 'Lisbon', is a yellow circle with a black border and a white stylized face. The second icon, positioned over the 'o' in 'Vladivostok', is a green circle with a black border and a white stylized face. A white curved line connects the two icons, arching over the word 'Vladivostok'.

Our Goals

The markets of the EU and the EAEU cover a total of more than 630 million inhabitants with diverse markets that can complement each other. A common economic area can develop the necessary strength to effectively work together on our European and Eurasian continents to address the global issues of the future.

Despite different levels of development of the two Unions, a dialogue, first of all on regulatory and technical level, should be moved forward. This should be done through creating lasting networks between officials of the two commissions and by maintaining regular dialogue in the countries of the EU and the EAEU.

Aim of the Initiative

- Being a counterbalance to growing global protectionism.
- Advancing the possibility of a free trade agreement between the EU and the EAEU.
- Developing concrete proposals for cooperation in the interest of business of the EU and the EAEU.

A Memorandum, signed by all members, reflects the core objectives of the Initiative.

Let us start working together!

Besides establishing a free trade zone in the long-run, there are many regulatory and technical areas where we can already start working together right now:

LONG TERM GOALS:

- Free trade agreement
- Visa free regime

MID TERM GOALS:

- Harmonization of technical standards
- Harmonization of customs regulations
- Visa liberalization
- Shaping the Green Deal
- Harmonization of pharmaceutical regulations
- Alignment of VAT regulations
- Harmonization of transport regulations

Task forces transfer the Initiative's goals into concrete action proposals.

Memorandum

On a Common Economic Space from Lisbon to Vladivostok

We, the signatories, share the vision of a Common Economic Space from Lisbon to Vladivostok. In order to achieve this, **we ask the political actors in all countries of the EU and the EAEU to give the European Commission and the Eurasian Economic Commission respectively the mandate to start an official dialogue on the harmonization of regulations.** This dialogue should also respect the interests of all countries in Europe, which are trading partners of both economic areas. We see this commitment to a Common Economic Space as a clear statement against protectionism, a statement, which we believe is more important now than ever before.

Economic Benefits

- A dialogue on a far-reaching congruent application of customs procedures, common rules of certification, common technical standards, visa free travel and capital movement would contribute towards an economic upswing and increase the competitiveness of Europe and Eurasia.
- Simplified tax regulations, recognition of official documents and the harmonization of relevant jurisdictions could open the door to a common judicial area.
- Our Common Economic Space brings together countries with considerable raw material resources and countries with highly innovative enterprises. It also combines Western engineering knowledge and experience with the outstanding IT skills in the East, thus enhancing the “fourth industrial revolution” in the EU, EAEU and in the countries inbetween.
- An important factor for stronger economic cooperation is a common infrastructure. The East-West corridor needs to be developed further with common investments directed at strengthening connectivity. Simultaneously, an improvement of the conditions of transit would allow the EAEU to function as a link between the EU and China, similar to China’s concept of its new Silk Road.
- Talks on a Common Economic Space shall eventually lead towards a free trade zone of more than 630 Million people in Europe and Eurasia.
- Analytical studies, for instance those of the Munich ifo-institute or the Vienna IIASA-institute, have already shed light on the distribution of economic advantages for the West as well as the East.

Common benefits

- We believe that the proposed talks on a supranational level between the European Commission, representing 27 countries, and the Eurasian Economic Commission, representing five countries, is in the interest of all parties.
- The importance of a common space from Lisbon to Vladivostok goes beyond the economic facets. Built on the principles of the international law and OECD, a common humanitarian space, where people can travel without bureaucratic hindrances, creates peace and plays an important role to give new impulses to the current situation and further economic development.
- We believe in initiating steps that can already be taken now, in the short run, which will be useful to all countries involved and pave the way for the development of this mutually beneficial project.

Members of the Board of the Initiative

An annually elected international Board of Directors strategically guides the activities of the Lisbon-Vladivostok Initiative.



Ulf Schneider
Chairman of the Board
President
SCHNEIDER GROUP



Dietmar Fellner
Former Economic
Delegate for Austrian
Chamber of Commerce



Ernesto Ferlenghi
Executive Vice-President
Confindustria Russia



Michael Harms
CEO German Eastern
Business Association



Emmanuel Quidet
President Franco-Russian
Chamber of Commerce



Alexander Rahr
German Russian Forum
Association of Russian
Businesses in Germany



Matthias Schepp
Chairman of the Board
German-Russian Chamber
of Commerce



Alexander Shokhin
President Russian Union of
Industrialists and
Entrepreneurs



Vladimir Ulakhovich
Chairman Belarusian
Chamber of Commerce



Johan Vanderplaetse
President AEB
Vice-President
Schneider-Electric

Statements of the Members of the Board

"As a citizen of a small country, I am particularly aware of how much integration in free trade areas leads to prosperity. Austria's external economic integration accounts for slightly more than 50% of its gross domestic product. What could be more natural than to integrate Europe into a comprehensive economic area from Lisbon to Vladivostok? Free trade from the Atlantic to the Pacific - a vision for prosperity and peace should become reality."

Dietmar Fellner

Former Economic Delegate for Austrian Chamber of Commerce

"For EU and for EAEU there is no other way but to cooperate in order to effectively tackle global challenges such as climate change. Decarbonisation is one of the most important industrial trends and our companies have a good potential to collaborate in order to create new technologies that we need to low carbon footprint. "

Ernesto Ferlenghi

Executive Vice-President Confindustria Russia

"For the business community it is important to achieve practical improvements for trade and business through cooperation between the EU and the EAEU. The liberalization of visa regimes for example would have an enormous positive impact on the development of business contacts, mutual investment, and the exchange of qualified personnel. Removing visa barriers brings growth and promotes the all-important exchange of ideas and values from Lisbon to Vladivostok."

Michael Harms

CEO German Eastern Business Association

"Today we live and work in a much more integrated world. The European Union is a wonderful example of a united continent, sharing the same values. But Europe is one continent and it will be fully united when we will be in one common space from Lisbon to Vladivostok. This is the reason for which, as president of CCI France Russie, I fully support a Common Economic Space from Lisbon to Vladivostok which will bring more stability to our continent, more economic growth to our countries and more social wellbeing to our people."

Emmanuel Quidet

President Franco-Russian Chamber of Commerce

"The Lisbon-Vladivostok Initiative is visibly gaining international importance and accelerating the envisaged partnership between the EU and the Eurasian Economic Union, which will become a reality in the 2020s."

Alexander Rahr

German Russian Forum, Association of Russian Businesses in Germany

"As the German-Russian Chamber of Commerce (AHK), we support the vision of a common economic space from Lisbon to Vladivostok. Many of our over 1,000 members have joined the initiative, including global corporations like Siemens and Bosch, as well as numerous medium-sized enterprises."

Matthias Schepp

Chairman of the Board German-Russian Chamber of Commerce

"We have a joint task ahead of us in establishing a full-fledged interaction between the bodies of the EU and the EAEU, in particular, between the European Commission and the Eurasian Economic Commission (EEC). Entrepreneurs on both sides are particularly interested in it."

Alexander Shokhin

President Russian Union of Industrialists and Entrepreneurs

"The special value of the initiative "Common Economic Space from Lisbon to Vladivostok" is that it was born out of business. This is the "Voice of Business", reflecting the enormous prospect of building an area of close economic cooperation, stability and harmony."

Vladimir Ulakhovich

Chairman Belarusian Chamber of Commerce

"The EAEU is without any doubt the most far reaching and successful economic integration attempt in the post- Soviet space. In just five years doing business across this economic zone has been made considerably easier for domestic and foreign companies alike. We hope that Europe and the EU in particular will strengthen its cooperation with the EAEU and that trade barriers will gradually be removed from Lisbon to Vladivostok."

Johan Vanderplaetse

President AEB, Vice-President Schneider-Electric

Task Force Customs & Transport

Harmonize transport regulations between EU and EAEU

Increasing trade within a triangle 'European Union (EU) - Eurasian Economic Union (EAEU) - Asia-Pacific region' creates the need of facilitation of cargo transportation and transit between those regions. Development of transport, logistic, and customs services sectors and increased trade relations between the three major regions will have a strong socio-economic effect on the economies and the cities along the main traffic flows.

At the same time, this opportunity poses certain challenges for the relevant countries. There is the need to better utilize the existing transport networks, to promote further development of transport infrastructure, to improve the quality of already existing one, and to introduce more efficient and up-to-date technologies, including applying those in border crossing and customs control procedures.

1. Situation

There are many ongoing projects aiming at simplification, streamlining and harmonization of different procedures in transport and customs sectors both in EU and EAEU. All these, however are not aligned and therefore lacking materializing the concrete benefits from the potential synergy.

Strategic projects in the EAEU

- digital marking/labeling (product traceability)
- mutual recognition of customs control results
- navigation seals
- Green Corridor as a customs risk management tool
- electronic accompanying documents (e.g., digital and uniform RWB (Rail Waybill Transport document used for rail shipments) across countries)
- A single transport space
- transcontinental and interstate transport corridors
- development of transport infrastructure

Strategic projects in the EU

- customs pre-arrival security and safety programme, underpinned by a large-scale advance cargo information system – Import Control System 2 (ICS2) establishing an integrated EU approach to reinforce customs risk management under the common risk management framework (CRMF)
- e-TIR

Furthermore, insufficient exchange of information among customs authorities of different countries of EU and EAEU remains one of the existing barriers.

2. Proposals

The Task Force Customs / Transport sees that a dialogue between the EU and the EAEU and efforts of joint expert working groups should focus on building the following solutions:

1. **Harmonization of documents and procedures in transport/logistics**
2. **Digital transport corridors, creating paperless transport system**
3. **Climate friendly logistics between the EU and the EAEU**
4. **Identity insurance**

To achieve harmonization between the EU and the EAEU Customs / Transport procedures the Task Force proposes to establish a joint project with engagement of working groups consisting of representatives from both sides (EU and EAEU). Essential part of such working groups could be UNECE, the respective departments of Eurasian Economic Commission, IRU, AEB, European Commission, other business representatives working in the current directions. Those working groups would review transport documentation, conventions and procedures applying to intermodal cargo transport across maritime and land borders in the sub-region, and identify problems related to border crossing efficiency. Those issues may be resolved by the streamlining and harmonization of existing documentation and procedures. The EU/EAEU working groups would recommend improvements to documentation and procedures with a focus on eliminating delays to transport at seaports and land borders, and to contributing to smooth transport flows across the borders.

The Task Force Customs / Transport highlights the following areas and possible actions in this regard:

1. **Harmonization of documents and procedures in transport/logistics**

To carry out an international trade transaction, the trader or his agent must complete many different forms, containing mostly the same repetitive data and send them to different partners, agencies, customs. Transit and border-crossing procedures take extra time which is delaying movement of goods. The EU/EAEU working groups shall therefore deal with the following topics:

- a. Setting standards for the format of international trade and transport documents (typically aligned to the UN Layout Key for trade documents described in trade facilitation Recommendation 1 of UNECE and UN-CEFACT); international codes (such as the location code or LOCODE); standards for the harmonization of data element definitions and exchange.
- b. Globally Harmonized Documents and procedures like, e.g., UNECE's TIR Convention which is a major instrument for simplifying transit procedures, and providing the rules and guarantee system for transit trade
- c. Streamlining border-crossing procedures, together with simplifying information exchange. It is necessary to harmonize and unify the procedures of trade control agencies at the border in an Integrated Border Management approach.
Example: UNECE's Convention on the Harmonization of Frontier Control of Goods is a powerful legal instrument, signed by many CIS countries, which, if implemented, provides a broad framework for Integrated Border management
- d. Introduction of electronic accompanying documents and their mutual recognition in the EU and the EAEU member-states
- e. Shift to electronic documentation and introduction of onestop-shops, single windows and electronic payment systems; expansion of the use of interstate (cross-border) digital services, incl. the use of the open data
- f. Customs2Customs data exchange
- g. Mutual recognition of Customs Control
- h. Formation and development of the Digital Space within the EU and EAEU

2. **Digital transport corridors, creating paperless transport system**

All stakeholders of the value chain are challenged by the emerging necessity to have data and acquire the capacity to use them in a proper way. Companies and public authorities have to design a common vision in order to over-

come a typical silo mentality and embrace a perspective of an interoperability grid allowing data to flow along all the logistics chain.

Seamless data flow management is becoming of essential importance in developing and executing business operations and public policy responsibilities. Subsequently the information systems within the various organizations have to provide services and support to all segments within their organizations and to a multitude of stakeholders.

Building a data sharing system involving authorities and public players is an incredible challenge that involves all players. The concept raises many doubts for the importance of the information to be shared and the relevance of the data in companies. Globally we have already embraced a knowledge base economy leaving apart the concept of an asset-based way. This means that all players are aware of the importance to share information to allow the transport and logistics sector to evolve, nonetheless clear rules have to be set up.

The first and main important aspect is dialogue. The European Commission established a specific board which represents both public and private interests. The board is called Digital Transport & Logistics Forum (DTLF) bringing together stakeholders from different transport and logistics communities with a view to build a common vision and road map for digital transport and logistics. The DTLF also contributes to identifying needs for measures at EU level and supporting their development and implementation where relevant. The DTLF covers two important aspects: data sharing and paperless transport.

Dialogue among players should not be limited at EU level but it should involve also experts from the Eurasian Economic Commission as partners.

At the same time working groups under the umbrella of the Eurasian Economic Commission should invite DTLF stakeholders as partners in order to avoid the creation of new barriers (not just physical borders but new digital borders). The policy cycle development has then to be inclusive and foresees the design of a seamless transport corridor from Lisbon to Vladivostok.

3. Climate friendly logistics between the EU and the EAEU

Increased trade links between Lisbon and Vladivostok do not necessarily have to be coupled to exorbitantly increased CO₂ emissions. There are many business-driven initiatives with the goal to develop a sustainable and ecologically sound innovative transport industry.

Among them initiatives of European/global logistics stakeholders such as "Rail Freight Forward" and "International Union for Road-Rail Combined Transport (UIRR)", or Global Logistics Emissions Council (GLEC).

They develop standards and innovations for the European transport industry, such as emissions calculators after the Norm EN 16258. ISO/CD 14083 "Greenhouse gases — Quantification and reporting of greenhouse gas emissions arising from operations of transport chains" is currently being developed. Those calculators are already being actively used by European logistics companies.

The Task Force Customs/Transport recommends to involve EAEU stakeholders in these international initiatives. The EU/EAEU working groups on transport should explicitly work on harmonized approaches for climate friendly logistics and harmonized approaches of emissions calculation.

4. Identity insurance

Currently it is expensive to ship LTL and groupage cargo from EU to eastern and southern regions of Russia and countries of the EAEU in case of customs clearance at destination. The reason for this is the necessity of customs bonded transport on the territory of EAEU after deconsolidation - a combination with regular cargo is prohibited. This is a hindering point for trade between EU and EAEU especially for small and mid-size companies. The Task Force recommends the EAEU to consider the implementation of a combination with general on-carriage after deconsolidation in central HUB with help of identity insurance instead of very expensive usage of customs bonded trucking to regions. The identity insurance concept is being used successfully in Europe.



3. Task Force Members

Task Force Lead: Uwe Leuschner
Far East Land Bridge (AT)

Task Force Lead: Michael Hess
Hellmann (DE)

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Victoria Nemkova
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Association of international road transport operators
(ASMAP) (RU)

"The Corona crisis in particular shows us how important open borders and the free exchange of goods and services are and what happens if this is not the case, namely: delivery delays, production stoppages and enormous price increases. The "Customs and Transport Paper" of the "Lisbon-Vladivostok Initiative" is intended to provide suggestions and specific recommendations on how to facilitate the free exchange of goods between the EU and the EAEU."

Task Force Lead: Michael Hess
Hellmann (DE)



"Connectivity is the key for mutually beneficial relations between the EU and EAEU and the further development of a common economic area from Lisbon to Vladivostok. With the customs / transport paper, we, as logistics specialists, want to make concrete proposals on how processes and trends for the logistics industry can be improved, to develop sustainable supply chains and cooperation in this economic area and to tap greater potential for exchange."

Task Force Lead: Uwe Leuschner
Far East Land Bridge (AT)

Task Force Certification

Mutual acceptance of test protocols in EU and EAEU

- *Double testing – double costs, double efforts – no gain in safety and bottleneck creation in testing capacities of laboratories.*
- *Mutual acceptance of test reports in well harmonized areas as in LV/EMC using IEC CB scheme.*
- *On both sides EU and EAEU - Manufacturers, importers, EPC companies and plant owners would benefit from lower costs and lower risk of delays. Additionally, this would be a great signal in the ongoing harmonization process, showing practical value of the idea “1 world 1 measurement”.*

1. Situation

The progress of the harmonization process within the Technical Regulations in the markets of the EU and EAEU, whether in the general approach or in the technical standards is evident and ongoing. However, synergies that could be lifted by using similar rules and standards, still partially remain hidden, as the mutual recognition of results in the conformity assessment procedures is still not satisfactory on both sides.

One specific problem is the necessity of double testing. On the side of the EAEU problems arise from the fact that only proofs and test reports from laboratories, accredited in line with the requirements and scopes of the relevant TR CU on the territory of EAEU, can be used for TR CU conformity assessment. Although, this is in principle a mirroring regulation from EU directives, the EAEU regulation is missing some flexibility in acceptance of proofs emerging outside the EAEU territory but within an accepted framework of international standards (e.g. IECEE, CB scheme). Thus, many products which have already been tested according to international standards by accredited labs in EU or elsewhere need to be tested again, which will lead to logistic efforts for sample sending or Lab expert traveling.

Even for relatively simple electrical components, such as circuit breakers according to IEC 60898-1, a standard that has been adopted in both economic unions as EN IEC 60898-1 and GOST IEC 60898-1, there are additional costs for a required renewed test in the EAEU about 2.000 EUR per type.

For more complex equipment and systems, the additional costs are considerably higher, combined with a significant expenditure of time.

Considering the amount of electrical equipment being imported to the EAEU, whether shipped directly or being a part of bigger deliveries for industrial projects, the additional efforts result in significant scale of economic costs, which at the end will be added to the price the final users in the EAEU have to pay.

2. Solution

An important first step towards reducing the non-tariff trade barriers caused by technical regulation is the avoidance of the currently still required repetitive tests for products that comply with international standards that are introduced both in the EU and the EAEU as national standards, according to test procedures that are also based on recognized international standards. Possible first focal points could be low-voltage products and tests of electrical safety, EMC, etc.

As first step it would be possible to use the existing international standards and international testing and certification systems like the IECEE and the CB Testing Laboratories, which have been tried and tested for many years in international practice. Experiences with such practice exist already in the EAEU member countries. Belarus (with National certification body – BELLIS) and Russia (with NCB – previously "VNIIS", currently "FBI Rostest-Moscow") are full members of IECEE. The list of standards for TR CU 004 and TR CU 020 are 80% composed of standards harmonized with IEC standards.

In accordance with Article 52 § 3 of the EAEU Treaty, harmonized international, regional (interstate) standards may be applied on a voluntary basis to meet the requirements of the technical regulations of the Union. Besides the Law of the Union does not prohibit the fulfilment of any international agreements of its member states. Therefore, in the opinion of this taskforce, the acceptance of CB protocols (if they are recognized by the IECEE NCBs of respective countries) as a basis for the recognition of conformity of imported electrical products could be considered as a general possible solution. For this purpose and on behalf of the companies and organizations, members of the Lisbon-Vladivostok Initiative, we want to apply to the Eurasian Economic Commission, the national regulation bodies of Belarus, the Russian Federation, and the Republic of Kazakhstan to express their position on that issue.

At the same time, we address the European Commission and plead to actively promote projects that aim towards a mutual acceptance of test protocols, and to a further harmonization of technical regulations. Intensive dialogue and an involvement of the relevant stakeholders from EU and EAEU is necessary. It is worth noticing that acceptance of proofs and test protocols within the framework of IECEE / CB Scheme would be a mutual practice and could be applied bilaterally between the EU and EAEU and even globally.

3. Practical Examples

- **Electrical Products manufactured outside EAEU, for which additional testing for conformity assessment is required:**

EU Companies

Schneider Electric: Controllers SCADAPack

To obtain a certificate is necessary to carry out tests 1 time at the beginning of EAC process.

The methods and criteria of testing are similar for EU and EAEU certification (methods and criteria in GOST CIS-PR 24-2013 are the same as in CISPR 24, methods and criteria in GOST 30805.22-2013 are the same as in CISPR 22).
Extra Costs: 2.500 EUR and 3 Months

Schneider Electric: MCB series resi9

MCB series resi9 are manufacturing of Schneider Electric and falling under EU Low Voltage Directive and EAEU TR CU 004.

MCB Resi9 are sold both on EU and EAEU markets. To obtain a certificate is necessary to carry out tests 1 time at the beginning of EAC process.

The methods and criteria of testing are similar for EU and EAEU certification (methods and criteria in GOST IEC 60898-1-2020 are the same as in IEC 60898-1:2019).
Extra Costs: 1.600 EUR and 3 Months

- **Manufacturers in EAEU, who receive CB test certificates (in Belarus), that can be recognized by all IECEE members:**

EAEU Companies

ATLANT Inc. (CB test certificates)

Freezers / Refrigerator-freezer
Built-in motors for washing machines
Washing machines

LG Electronic RUS, LLC (CB test certificates)

Refrigerator-freezer

OEM Tech Ltd. (CB test certificates)

Capacitor charging module

Polimaster Ltd. (CB test certificates)

Radiological and chemical surveillance module

JLLC "Belmash factory"(CB test certificates)

Multifunctional woodworking machine

Kino-mo Ltd (CB test certificates)

Holographic Display System

Joint Limited Liability Company**JOFRE LABORTECHNIK (CB test certificates)**

Triangular LED Light Fixture

4. Background

Progress is already being made in harmonization and modernization of the Technical Regulation and standardization. The adoption of broader international standards in both EU and EAEU is an important facilitator of trade, economic interconnection, and technological interoperability. However, it seems that beside the convergence in the technical aspects, the bureaucratic approaches of the regulatory frameworks (on both sides) turn a blind eye on collaboration and mutual acceptance. The initiative is therefore focusing in this position paper on an area, where such collaboration and mutual acceptance could be achieved quite easy, such as in the following areas:

- in Low Voltage, Electrical Safety and EMC we see a broad use of identical standards,
- the IECEE and CB Scheme provide already a (global) framework for mutual acceptance. Only IECEE full members (I/R NCBs, CBTLs) who have passed the appropriate peer assessments procedures and have the appropriate competence should be entitled to engage in mutual recognition,
- there is already experience in the acceptance of CB reports from the past: Belarus (NCB – BELLIS), Russia (NCB – previously "VNIIS", currently "FBI Rostest-Moscow"). In accordance with the IEC basic rules membership in IEC conformity assessment systems is also open to non-IEC countries. Any certification bodies and testing laboratories of the EAEU member states can join the IEC conformity assessment systems (IECEE), having passed the appropriate mutual assessment procedures. The number of participants per country is not limited.

5. Other initiatives

The Lisbon-Vladivostok Initiative benevolently recognizes and supports ongoing efforts for harmonization of certification regulation and the reduction of non-tariff trade barriers on multiple levels, be it bilateral exchange between the EU and EAEU commissions, the initiative on technical regulation by Ostausschuss and RSPP, or the common project of the Federal Ministry for Economic Affairs and Energy and the German-Russian Chamber of Commerce "Dialog on technical regulation with EAEU".



"The integration of the Eurasian space is a natural process that makes more than sense from an economic point of view and is supported by the majority of people in East and West. The Lisbon-Vladivostok Initiative tries to build bridges where new rifts have been torn open, and to open doors that have been slammed shut. That is a matter close to my heart. This position paper is intended to take a step forward and to set a process in motion with a practicable and easy-to-implement solution proposal that will further advance the harmonisation of the technical-regulatory framework."

Task Force Lead: Sven Grube
HVBF Grube (GER)

6. Task Force Members

Task Force Lead: Sven Grube
HVBF Grube (GER)

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Afnor Group (FR)

Andrey Lotsmanov
RSPP (RU)

Kathrin Moukha
Bellis (BY)

Julia Savkina
German-Russian Chamber of Commerce (GER/RU)

Nauris Lazdans
Latvian Chamber of Commerce and Industry (LV)



"The EAEU has its own developed system of technical regulation, which gives rise to a great many non-tariff barriers in the exchange of goods between the EAEU and the EU, which ultimately drive up costs for exporters. Therefore, economic actors in both the EU and the EAEU are interested in finding and pursuing ways to reduce these mutual barriers. The Task Force's proposals for the first possible harmonisation steps on the way to a common economic space from Lisbon to Vladivostok are a concrete suggestion and at the same time a signal of willingness to actively shape this harmonisation process."

Task Force Lead: Gerd Slapke
Eurasia Global Connecting GmbH (GER)

Task Force Pharma

A common market for pharmaceutical products in EU and EAEU

- *The COVID-19 pandemic illustrates the importance of effective cross-border cooperation in the healthcare sector to ensure uninterrupted production and supply of medicines and to increase effectiveness of the new drugs' research and development*
- *Harmonization of regulatory procedures and mutual recognition of standards of research and development (R&D), manufacturing and distribution of pharmaceuticals and medical devices between the EU and the EAEU requires deeper collaboration and introduction of pilot projects*
- *Harmonization of regulatory requirements for pharmaceutical products between EU and EAEU will make patient access to medicines easier and contribute to overall improvement of healthcare provision*

1. Situation

The COVID-19 pandemic illustrates the importance of effective cross-border cooperation in the healthcare sector. There have been numerous examples of fruitful collaboration between European drug manufacturers and Russian authorities (Ministry of Health (MoH), Ministry of Industry and Trade (MoIT), Federal Antimonopoly Service (FAS) to ensure uninterrupted production and supply of medicines. Meanwhile, the significant discrepancies between R&D and manufacturing standards as well as diverse regulatory requirements created additional barriers for patients to get access to innovative medicines (vaccines as example). For several years regulatory authorities of EAEU and EU have been exchanging experiences and regulatory practices, but this work is far from completion. Further efforts have to be made for harmonization of regulatory requirements for pharmaceutical products between EU and EAEU.

2. Proposals

Training of personnel. Educational programs

Education, exchange of information, and the joint learning of young professionals and scientists as well as pharmaceutical personnel and regulation experts from EAEU and EU is a cross-cutting issue and relevant for all areas described in this position paper. Joint educational programs and trainings on standards should be developed further.

The Task Force Pharma further recommends the creation of an EU-EAEU program for training of students together with the leading universities, research institutes, and pharmaceutical companies of both Unions. Training and education would take place in accordance with EU and EAEU standards.

As a next step the Task Force suggests to increase the number of exchange programs. More companies should provide paid internship programs.

Harmonized regulation of registration of pharma products

The Task Force Pharma sees a harmonized regulation of registration of pharma products as an anchor point for concrete talks between the EU and the EAEU.

Harmonization of registration should include

- mutual recognition of clinical studies
- harmonized definition of pharma innovations
- joint creation of digitized, transparent databases, access and exchange of regulatory information
- harmonization of pharmacopeia

The procedures for initial registration of medicinal products and amendments to the registration dossier are similar in the EU and the EAEU in essence, but over the time EAEU is increasingly moving into national specifics.

The EU has developed different procedures for EU-wide approval, which are based partly on the coordination of decentralized institutions and partly on centralization. The national authorities continue to play a key role in each case.

The EAEU has not yet completed the procedures for uniform drug approvals, but the milestones are defined: By 2016, the transition period began for products with national marketing authorization, that may be marketed until December 31, 2025. Since 2021, applicants can only apply

for approval of new preparations according to the uniform procedure. On January 1, 2026, national marketing authorizations expire definitively.

Mutual recognition of clinical studies

Despite similar approval procedures, there is no mutual recognition of clinical studies. This would be an important first step towards harmonizing approval processes and would increase access and availability of medicines to patients and consumers in the EAEU and the EU.

In the EU clinical studies are already being accepted if ICH guidelines and standards have been applied (ICH = International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use, authorities from Armenia, Kazakhstan, and Russia with observer status). In practice, the EU every year registers certain number of products based on the results of clinical studies conducted outside the EU, including those conducted in countries-members of EAEU. The other way around EAEU does not yet accept on its territory the results of clinical trials conducted outside EAEU if these trials did not involve EAEU patients. It requires from pharmaceutical companies to conduct additional clinical trials in EAEU. Recognition of tests from the EU in the EAEU would be important.

A further step would be an agreement on uniform approval procedures. Guidelines to conduct studies should become harmonized.

Harmonization of Pharmacopeia

EAEU Pharmacopoeia, that came into force on March 1, 2021, is laying the groundwork for a unified approach to assessing the quality of medicinal products for five EAEU countries. EAEU Pharmacopoeia has become the second regional pharmacopoeia in the world (the same as the EU Pharmacopoeia).

Currently only the first part of Volume I of EAEU Pharmacopoeia is published (includes 157 harmonized general pharmacopoeial monographs on pharmacopoeial analysis and its methodologies, methods of biological and microbiological tests, reagents, devices and apparatus for analyzing the quality of medicines). More than 100 pharmacopoeial monographs for the second part the EAEU Pharmacopoe-

ia Committee have already been prepared and draft versions are being published by Eurasian Economic Commission (EEC) for preliminary discussions. Other general and specific monographs are under preparation.

According to EAEU officials, EAEU pharmacopeial monographs have been harmonized with the leading world pharmacopoeias, and this will enable ensuring the continuity in conducting research on the quality of pharmaceuticals and facilitate introducing the EAEU pharmaceutical products to foreign markets. But in reality, there are some discrepancies (minor and major) between EAEU and EU Pharmacopeia requirements, which need to be harmonized.

Harmonization of pharmacopeia can speed up the registration process of pharma products in the EU and in the EAEU in the following ways:

- In case of equivalence (full harmonization) of EAEU and EU Pharmacopoeias quantity of questions from experts received within regulatory procedures could be minimized, both for product registration in EAEU countries and for product registration in EU (EAEU origins).
- Local quality control of first imported batches, market release procedure and other types of state quality control of medicines could be optimized.

To achieve harmonization between EU and EAEU

Pharmacopoeias Task Force Pharma proposes to establish close relationship between different associations and expert groups working in relevant directions (like EFPIA, AIPM, ARFP, etc. are working now). The working group would identify critical discrepancies between Pharmacopoeias, try to fix and harmonize them in meetings and conferences. It is also important to establish a dialog and close contact with EAEU commission and EAEU Pharmacopeia experts.

Additionally, industrial experts could provide feedback for quality control optimization (how to optimize, speed up or minimize risks) and to apply unified approaches to assessing the quality of pharmaceuticals. Such experts could support with risk analyzes / gap analyzes implementation for general EAEU Pharmacopeia articles as

the first step (comparing EAEU versus EU Pharmacopeia).

As pharmacopeia articles in general need to be constantly updated due to quality control methods refinement and due to new medicines inclusion, harmonized approach to planned updates and revisions of articles and to new pharmacopeia articles should be established. Collaboration of different pharmacopoeia experts is crucial to find global quality standards, and involvement of EAEU pharmacopeia experts to European Directorate for the Quality of Medicines & HealthCare (EDQM) working meetings could also be advantageous to reach this purpose. Regular working meetings of EAEU and EU pharmacopeia experts are also very important for pharmacopeia requirements harmonization.

Harmonized definition of pharma innovations

While there is no single formalized definition of "innovative medicine" in the centralized registration procedure of EMA, a product which constitutes major public health interest, may be eligible for rapid assessment in the EU (accelerated assessment usually takes 150 evaluation days, rather than 210). Major public health interest is the key element of the consideration of a pharma product as innovative with the requirement to applicant to present arguments supporting the claim that the pharma product introduces new methods of therapy or improves existing methods, thereby addressing to a significant extent the greater unmet needs for maintaining and improving public health.

In EAEU, there is no similar legislation mentioning innovative medicines, and/or therapeutic advantaged products, and/or major public health interests / unmet needs. The common ground of pharma innovation regulation would reduce the complexity and administrative burden on the pharmaceutical industry, help expanding member countries' access to new products, enhance product quality, and reduce administrative costs and prices for essential medicines for patients.

Pharma innovation definition in the regulation is a basement for introduction of accelerated assessment of medicines which demonstrated high level of therapeutic advantages in the treatment of life-threatening chronic diseases and conditions aimed at rapid patients access to

such medication. They could also serve as a basement for making decision on the reimbursement at the national level of country-members.

The following recommendations proposed by Task Force Pharma for consideration by EAEU Commission include introducing:

- Definition of “innovative medicine” as the pharma product introducing new methods of therapy or improving on existing methods, thereby addressing to a significant extent the greater unmet needs for maintaining and improving public health
- procedures for preliminary consultations to discuss the proposal for accelerated assessment and arguments for consideration of medicine as innovative one
- accelerated assessment procedures for medicines which meet the criteria of "innovative medicine"

Transparent databases and exchange of information

When preparing the registration dossier for pharma products in the EAEU, the applicant determines the type and code of the type of pharma products in accordance with the nomenclature of pharma products of the EAEU posted on the information portal of the Union. Producers, such as pharmaceutical excipients, often have unanswered questions regarding which ingredients can and which cannot be used in excipient premixes to be later used for drugs sold in EAEU. A concrete example are synthetic pigments, which often cause doubts about their health risks.

The Task Force Pharma proposes to work on a digitalized database for regulatory aspects of drugs production and registration in the EAEU, which is aligned and harmonized with databases in the EU. A further measure could be to harmonize Methodological Recommendations for the examination of the safety, quality and effectiveness of pharma products in order to register them in both Unions.

A concrete first step could be to bring together best practices of regulatory bodies of both Unions and to establish an EU/EAEU Council on harmonization of technical requirements for registration of medical devices and pharmaceuticals.

3. Further measures to be taken

Pharma companies from the EU and the EAEU encounter challenges in many places. Therefore, a dialogue between the EU and the EAEU should also cover the following areas:

GMP inspections

EAEU and EU GMP certificates are not mutually recognized by both EAEU and EU. The GMP regulations at the EAEU level are not only very similar to those of the EU, they are largely based on the EU GMP system. However, some aspects are different for different reasons. EAEU inspections are product specific while EU inspections are site specific. EAEU inspection focuses on the registration documents of all products which are manufactured at the same production line.

As a consequence of abovementioned points, manufacturers in both Unions have to carry out two different inspections for the same production site. They have to adapt the same production site to different requirements.

This is costly - manufacturers currently report costs twice as high as usual for international GMP inspections.

Additional resources are needed for double work (time, humane etc.); inspection of one line take additional time for evaluation of all products at the line.

The aim is to achieve the highest possible degree of harmonization with EU and international standards through intensive dialogue. The recognition of EU GMP inspections for registration in EAEU could be a short-term solution. The mutual recognition of GMP inspections and QP (Qualified Person) can be a long-term solution.

The Task Force recommends EAEU inspections to be site specific similar to worldwide GMP regulation.

The mutual training of inspectors and the exchange of personnel would be another good starting point for achieving a coordinated, transparent and harmonized approach at the level of technical implementation of the regulations.

Uniform requirements to registration of medical products

The health technology sector, which for the purposes of this position paper also includes medical devices, is not yet as deeply regulated in the EAEU as the pharmaceutical market. Nevertheless, there are efforts to introduce

rules similar to those for pharmaceuticals. The transition periods are regulated somewhat differently and lag behind the rules for pharmaceuticals by several years. From 2027, registrations will only be possible according to a uniform EAEU procedure. The registration procedures make a significant difference to those in the EU.

The EU relies on a conformity procedure in which the manufacturers commit themselves to adhere to certain quality and safety standards in accordance with the specifications of the CE seal. Random checks are carried out and the responsibility for compliance with the EU regulations lies with the manufacturer.

When granting the EAC mark, the EAEU relies on certification and close control by testing agencies. These procedures can take up to 3 years.

Many manufacturers decide against entering the EAEU market because of these investment costs. A harmonization of both of the abovementioned procedures would be the optimal solution for EAEU and EU manufacturers. A practical and much discussed solution would be the mutual recognition of results from certification bodies, which would help manufacturers and improve access of patients to medical products.

4. Background

The EAEU, with its five members Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia, represents a promising market with 183 million inhabitants, which is one third of the total population of Europe. The economic power amounts to 1.8 trillion EUR. The urgently needed modernization of health care is on the priority list in all EAEU member countries.

The volume of the EAEU pharmaceutical market can be estimated at EUR 25 billion. The pharmaceutical industry in Russia, the member state with the strongest economy, is on course for growth. In April 2020, 14% growth was recorded in pharmaceutical production compared to the same period of the previous year. 2019 was a record year for imports of pharmaceuticals with a value of EUR 10.5 billion.

The market for pharmaceuticals and medical devices is a winner in the EAEU region in the COVID-19 crisis. The reduction or even abolition of import duties and the temporary suspension of high procurement hurdles for foreign bidders from the non-EAEU region for certain product groups were among the crisis measures taken by the governments.

The European Union is an economic and political union between 27 EU countries with a population of about 450 million. The EU is the world's biggest exporter of manufactured goods and services, and the biggest import market for over 100 countries. In terms of the total value of all goods and services produced, EU GDP in 2020 amounted to around EUR 13.3 trillion.

The total market volume of the EU pharma market amounts to approx. EUR 60 billion. The EU pharma market has strong export performance with EUR 366 billion of pharmaceutical products exported from EU countries in 2019 either to other EU countries or outside the EU. 51% of EU pharmaceutical products consumed in the EU are manufactured domestically and 53% of consumption is imported from Europe itself. In 2019 the 27 EU countries imported EUR 286 billion of pharmaceutical products, either from other EU or third countries.

5. Task Force Members

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"Specifically in unprecedented times like these, building bridges between businesses and economic cultures is of major importance to keep communication strings alive and developing them further.

This is what the V2L Initiative stands for and it is a great honor and pleasure for me to chair the Pharma Task Force.

With the joint expertise of international industry experts from within the EU and EEU countries we are presenting concrete proposals to harmonize the Pharmaceutical markets on regulatory and procedural levels and we plead for more funding of educational exchange programs for the generations to come.

The worldwide pandemic we are all facing for the past 18 months has shown again in all its intensity that access to vital health systems is not a question of geographical borders."

Task Force Lead: Alex Stolarsky
SCHNEIDER GROUP (GER/RU)

Task Force Green Deal Shaping green economy co- operation of EU and EAEU

- *Climate change, air, water pollution and biodiversity loss do not recognize national borders. These are global challenges that require global actions.*
- *For EU and for EAEU there is no other way but to cooperate in order to effectively tackle these global challenges and assure a healthy planet for the future generations.*
- *The EU Green Deal is the guideline for the EU to mitigate climate change and save our environment. The EAEU Strategy 2025 also refers to green economy development.*
- *Both Unions can bring their strategies to life with concrete cooperation projects.*

1. Introduction

On 11 December 2019 the European Commission presented a Communication on the European Green Deal and a Roadmap with actions to lower greenhouse gas (GHG) emissions down to zero, to boost the efficient use of resources by moving to a clean, circular economy, to revert biodiversity loss and cut pollution. The European Green Deal (EGD) launched a new growth strategy for the EU, outlining the investments needed and elaborating on the financing tools available to ensure a just and inclusive transition.

It is clearly acknowledged that the environmental ambition of the Green Deal will not be achieved by the EU acting alone. The drivers of climate change, air pollution and biodiversity loss, are global and are not limited by national borders. The EU is therefore firmly decided to use its influence, expertise and financial resources to engage its neighbors and partners on a sustainable path of development – so what about the Eurasian Economic Union?

In December 2020 the Eurasian Economic Union passed its Strategic Directions for Developing Eurasian Economic Integration until 2025. They include general (conceptual) provisions and 330 measures and mechanisms grouped into 11 system blocks, which disclose the provisions of the Declaration on further development of integration processes within the Eurasian Economic Union. The list of measures and mechanisms actually constitutes a “road map” for further development of integration between the EAEU States; its implementation provides for further elaborating and signing 13 international treaties, more than 60 EAEU regulatory legal acts, and introducing about 25 amendments and supplements to the Treaty on the Union, as well as amendments to the EAEU Member States' national legislations.

The EAEU Strategy 2020-2025 envisages many actions corresponding to elements of the EU Green Deal Policies, related to

- energy saving and energy efficiency, renewable energy sources;
- smart and green technologies and innovations;
- e-vehicles and charging infrastructure;
- protection of the environment, sustainable development goals;
- circular economy, reduce single use plastics/plastic bags, farm to fork strategy.

The Strategy explicitly foresees to establish a dialogue with the European Union (11.6.2).

2. Situation

a) Climate Action / Energy

The EAEU is one of the largest CO₂ emitters in the world, all 5 countries of the Union together emit about 5.5% of global CO₂ emissions (according to BP's data, in 2019 EAEU countries emitted approximately 1.9 bln tones of CO₂ equivalent).

The EU is the largest trading partner for the EAEU. In 2020, EU accounted for 38% (\$137 bln) in EAEU export and for 36% (\$92bln) in EAEU import.

As for the trade turnover between EAEU and EU, Europe purchases natural resources (energy sector amounts to 54% of whole EAEU's export abroad) and approximately half of EAEU import from Europe (45%) relates to machineries, equipment and technologies. Such a deep trade interaction (from raw materials to high tech products) creates a basis for the actions of mutual interest, and most importantly for greenhouse gas emission prevention, reduction and mitigation actions and their use within the production of goods and management of natural resources.

Moreover, given the upcoming introduction of cross-border carbon regulation, the EAEU countries need to consider mechanisms to reduce the carbon footprint of their own production in order to minimize the impact of Cross border adjustment mechanism on their export to EU. In this context, both European and Eurasian companies may be interested in applying the latest technologies for limitation of GHG emissions.

The Fuel and Energy Complex is the largest source of GHG emissions, and needs priority attention for mitigating climate change by decarbonising industrial, transport and energy systems

Seeing that EU itself has set as a goal to reach a carbon neutrality by 2050, EAEU should consider an idea to agree on nearly the same target in its development strategy.

Another area of potential cooperation between the companies of the two Unions may be the development of climate projects, including afforestation. It is important that the certificates of such projects results are mutually recognized in the EU and the EAEU.

b) Environment

EU and EAEU countries share the same interests

- Sustainable economic development – keep our planet inhabitable
- Smart technological development and a more circular economy

- Assure a healthy environment for all citizens
- Promote exchange in thematic meetings and joint projects
- Approximate technical standards and adopt innovative solutions

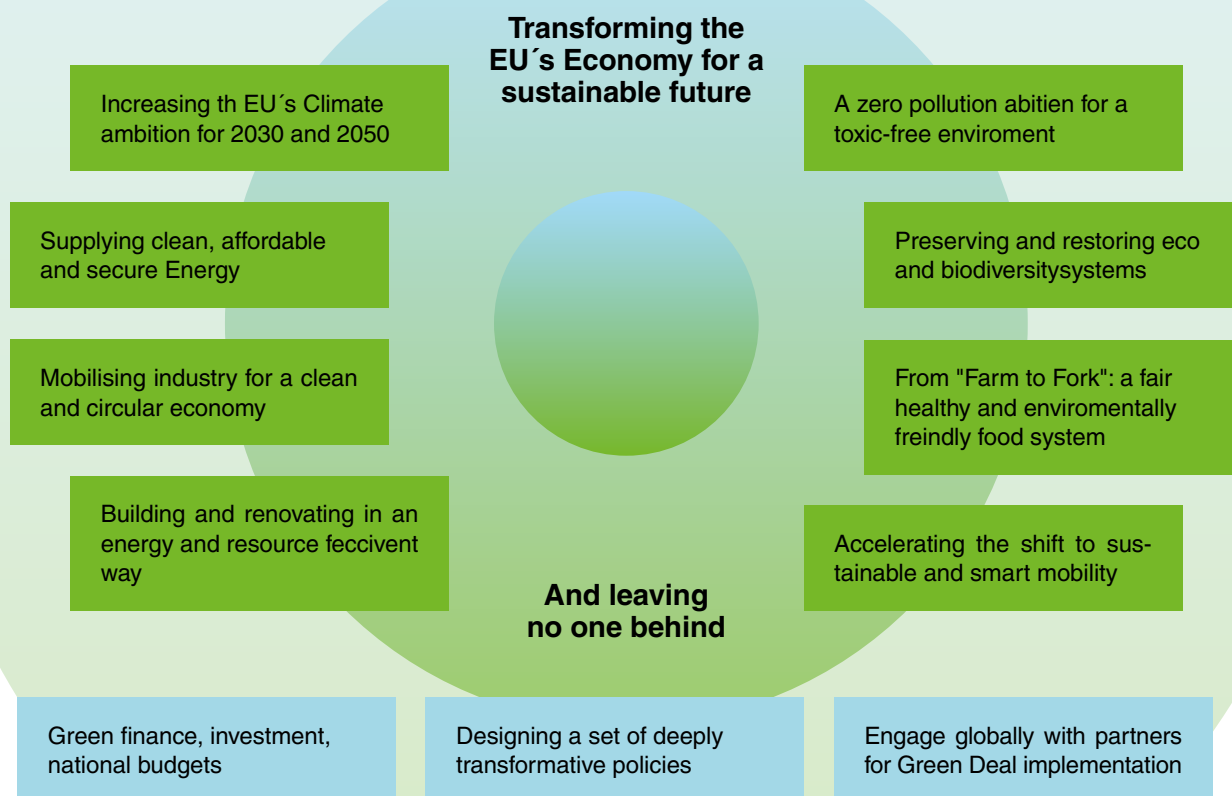
3. Proposals

With the European Green Deal initiative, the EU has made reversion of resource depletion, environmental degradation and climate change top priorities of its long-term agenda, promoting a development policy that would make Europe the first climate neutral economy by 2050.

All sectors of the economy will be involved in the Green Deal – the ones responsible for significant share of the greenhouse gas emissions like transport, agriculture, energy production and buildings, as well as those like finance and banking which will have a role in directing public and private capital towards more sustainable investments. Specific measures will be undertaken to mobilise sustainable public and private investments in greening the economy.

The EU will engage globally with partners for the Green Deal implementation. The countries from the Eastern Partnership and Central Asian regions, as well as the states aligned within the Eurasian Economic Union will remain the Union's key partners in the ambitious endeavors for the coming decade and beyond.

The European Green Deal



Agreed basis of EU policies, budget and investments from 2020

The initiatives to be followed over the next few years towards delivering the ambitious goals under the Green Deal are targeting key policy areas where transformational change is most needed and beneficial for the optimal development of economy, society and natural environment in Europe and worldwide.

These policies will strongly benefit from co-operation between EU and EAEU, comparing main action areas of the European Green Deal with the EAEU Strategic Development Directions until 2025:

Green Deal policy action areas	Potential areas of cooperation	Relevant actions in the EAEU Strategic Directions (to be explored)
<p>1. Gradual decarbonisation of the energy system – critical to reach the new climate objectives.</p>	<ul style="list-style-type: none"> • Develop long term Low Emission Development Strategies until 2050 and/or integrated Energy & Climate Plans to reflect new climate ambitions in the Eurasian Region (after exploring potential for raising the ambition). • Scale up energy efficiency measures. • Encourage larger deployment of renewable sources (there is considerable wind and solar PV generation potential in the Region). • Explore opportunities for development and deployment of innovation measures for decarbonisation (e.g. RES based on hydrogen or other alternative fuels, carbon capture, etc.) • Explore opportunities of Waste to Energy technologies (biogas production, methane capture, co-incineration) for electricity or heat production. 	<ul style="list-style-type: none"> • Establishment of the EAEU's common markets of energy resources. • Creation of legal, economic, and technological conditions for the establishment, functioning, and development of the Union's common electric power market. • Creation of legal, economic, and technological conditions for the establishment, functioning, and development of the Union's common gas market. • Creation of legal, economic, and technological conditions for the establishment, functioning, and development of the Union's common markets of oil and petroleum products. • Development of the balance of production and consumption of the energy resources of the EAEU. • Establishment of common metrological principles in forming the Union's common market of energy resources based on the harmonization of metrological requirements for quantity and quality parameters. • Creation of a mechanism to implement joint infrastructure projects, as well as investment, scientific and technological consortiums.
<p>2. New industrial policy based on the circular economy.</p>	<ul style="list-style-type: none"> • Introduce “green” standards for products e.g. energy efficiency, resource saving, etc.) • Implement integrated waste management systems on regional and local levels. • Introduce extended producers’ responsibility (EPR) schemes for packaging and other specific waste streams. • Promote waste recycling and material recovery, especially in energy intense sectors (as constructions, electronics, plastics, textiles). • Introduce incentives (fiscal, subsidies, access to affordable credits, etc.) for enterprises to implement resource efficient and cleaner production (RECP) solutions. • Promote green public procurement. 	<ul style="list-style-type: none"> • One of integration priorities shall be the improvement of energy saving and energy efficiency, the resolution of existing environmental problems, and the ensuring of sustainable development. This sphere shall imply combining efforts to create and use new technologies and innovations, including green technologies, renewable energy sources, the models of circular economy, bioengineering, and nanotechnology. • Development of a concept for introducing the "green" economy principles in the EAEU. • Improve the procedures of developing and adopting the Union’s technical regulations and amending them with account of obligations in the WTO. • Assessing the scientific and technical level of the Union’s technical regulations with determination of lists of standards. • Creation of the Eurasian product quality assurance system. • Introduction of the models of circular economy in technical regulation within the Union for the purpose of improving energy efficiency and resource conservation. • Development of proposals for amendments to the Union’s technical regulations to supplement them by common approaches to product disposal, including recycling. • Assessment of tools and the levels of state support to industry in the Union.

Green Deal policy action areas	Potential areas of cooperation	Relevant actions in the EAEU Strategic Directions (to be explored)
3. Building and renovating – climate-proof and energy efficient buildings	<ul style="list-style-type: none"> Promote energy efficiency investments in both public and residential buildings (encourage renovation in large blocks to benefit from economies of scale). Promote re-use and recycling of construction waste to boost circular economy approach in building. 	<ul style="list-style-type: none"> Preparation of guidelines for developing and implementing targeted programs of economic development of the Union (regarding energy, efficiency, climate protection, etc.). Distribution of "smart" energy efficient technologies. Implementation of joint large-scale high-tech projects able to become symbols of the Eurasian integration.
4. Sustainable mobility – promoting more sustainable means of transport	<ul style="list-style-type: none"> Introduce incentives for alternative (non-fossil) fuels in transport. Support actions to expand, improve and promote public transport and non-motorized transport (include sidewalks and bike lanes in new road projects, car-free areas etc.). Explore the possibility to expand railway transport. Introduce automated mobility and smart traffic management systems in cities, to make transport more efficient and cleaner. 	<ul style="list-style-type: none"> Program of Gradual Liberalization of Road Freight Transportation within the EAEU 2016-2025 (approved by Decision of the Supreme Eurasian Economic Council on 08/05/2015). Joint implementation of significant infrastructure projects in the Eurasian space, creation of transport corridors, including transcontinental and interstate transport corridors.
5. Revert loss of biodiversity and deforestation – measures to protect valuable ecosystems while including adaptation to climate change	<ul style="list-style-type: none"> Planting new trees and restoring damaged or depleted forests – to reverse the trend of forest and land degradation and to enhance carbon sequestration. Priority reforestation along river beds as flood and landslides prevention measure. Support in designation and mapping of special protected areas (possible expansion of the Emerald Network). 	<p><i>No specific measures mentioned in the EAEU Strategic Directions, but potential cooperation in the LULUCF and Biodiversity sectors could be considered in the context of the Paris Agreement (including adaptation to climate change) and the Convention on Biological Diversity. Another ground for cooperation could be the Bern Convention on the Conservation of European Wildlife and Natural Habitats some of the EAEU member countries are signatories to (Armenia, Belarus, Russia as observer).</i></p>
6. “From farm to fork” – ensure more sustainable food system and circular economy from production to consumption	<ul style="list-style-type: none"> Incentives to support sustainable agricultural land and water management practices, including environmentally-friendly production technologies, organic production, as well as products ensuring biodiversity and ecosystem restoration. Measures to reduce food and biodegradable waste; establishment of appropriate treatment installations (anaerobic; composting). Measures to recover energy (biogas) and produce alternative fuel (biomass, briquettes) from waste generated in farming activities. Measures to reduce the dependency, risk and use of chemical pesticides, as well as of fertilizers and antibiotics in agriculture (through appropriate taxation or incentives for alternatives). 	<ul style="list-style-type: none"> Development and introduction of the national system for the traceability of animals and products of animal origin "from farm to fork". Improvement of the Union's law in terms of applying sanitary, veterinary-sanitary and phytosanitary quarantine measures based on risk analysis subject to international standards and recommendations. Update of sanitary, epidemiological and hygienic requirements for product safety based on research, including the analysis of the risk of harmful effects of environmental factors on human health.

Green Deal policy action areas	Potential areas of cooperation	Relevant actions in the EAEU Strategic Directions (to be explored)
7. Eliminate pollution – measures to bring down to zero pollution of air, water and soil	<ul style="list-style-type: none"> • Prevent pollution of air, water and soil by adequate permitting and control. Reduce pollution from large industrial installations by promoting integrated permitting and best available techniques (BAT). • Promote application of good agricultural practice to reduce pollution of water and soils from excess nutrients. • Encourage the review of air quality standards in line with the World Health Organization guidelines. • Building reliable monitoring systems and information exchange on the quality of environment (air, water) • Encourage/support actions to achieve cleaner environment for citizens and communities (green cities development). 	<ul style="list-style-type: none"> • Development of economic cooperation on "green" technologies and the protection of the environment. • Study of the issue on introducing a gradual prohibition on the importation and production of single-use plastics, including plastic bags. • Exchange of advanced experience and the information on the methods of practical work, ensuring sustainable development and promoting "green" economy programs. • Interaction between the Member States in the field of energy saving, energy efficiency, use of renewable energy sources, and environmental protection (also linked to GD pillars 1 and 3).

It is beyond doubt that citizens, businesses, and nature will all largely benefit from cooperation of EU and EAEU on the above policy fields. Improved people's health and well-being as result of specific actions to mitigate climate change and tackle pollution of air, water and land would be the most tangible benefit thereof. Promotion of the green and circular economy principles, sound waste management, reuse, recovery and recycling practices will enable saving of resources while generating less garbage that pollutes surface and ground waters.

On basis of such policies industry will be provided with predictability and a regulatory framework that unlocks investment, prevents high migration and incentivizes innovation. In addition, the transition to circular economy and climate neutrality is an opportunity for businesses to modernize and become more competitive. With support from investment and innovation programs, industry will be encouraged to develop new environmentally friendly technologies and sustainable solutions.

The indirect result will be resource savings and creation of new jobs. Actions to mobilise sustainable private finance will also support industry's investment needs. In addition, the move to a more circular economy and increasing the market of secondary raw materials shall reduce industry's reliance on critical and more expensive raw materials, thus saving costs and resources.

Based on the common interests outlined above, EAEU/EU-cooperation could address a wide range of actions within the Green Deal policy areas. Below are some initial action proposals by Task Force members:

The joint development and implementation of new **Carbon Capture, Utilization and Storage (CCUS) technologies** by the companies of two unions is extremely promising. According to the International Energy Agency's sustainable development scenario, which includes containing global warming at 1.8 degrees Celsius or below and achieving carbon neutrality by 2070 (<https://www.iea.org/reports/clean-energy-innovation/innovation-needs-in-the-sustainable-development-scenario>), most new CCUS technologies should be on the market by 2026. At the same time, to achieve carbon neutrality in the world by 2050, the ability of these technologies to capture and store GHG should grow from today's 40 million tons of CO2 equivalent to 800 million tons of CO2 equivalent in 2030. To achieve such result, stable cooperation and coordination is necessary between the EU and the EAEU as the largest GHG emitters in the world.

*Ernesto Ferlenghi, Executive Vice President,
Confindustria Russia, Task Force Co-Chair*

Focus on **sustainable development of cities** as main origins of CO2 emissions. Promote sustainable mobility, make cities cycle-friendly, with open public spaces, establish low emission and carbon-free zones. Promote CO2 labeling and electric cars. EU and EAEU should help the municipalities of big cities to develop, implement, and set realistic and achievable goals. Both commissions should help their communities to change urban morphology in a way that can support the reduction of GHG emissions. For making this idea implementable, both Commissions (EAEU and EU) should stimulate close cooperation of scientific and political communities – which is strongly needed in all countries for improving the calculation of greenhouse-gas emissions and their mitigation potential.

*Voski Isakhanyan, International Center for Human
Development Armenia*

Reliable greenhouse-gas emission and inventory data are the basis for successful climate change mitigation efforts in national and international co-operation. Exchange of experience and methodological knowledge between EU and EAEU, and capacity building their Member States for **Monitoring, Reporting and Verification (MRV)** of Greenhouse Gas Emissions and carbon trading schemes will be an important technical contribution for implementing our globally linked climate policies.

*Johannes Mayer, Team Leader, Environment Agency
Austria, Task Force Co-Chair*

Climate Diplomacy – exchange of knowledge and experience in climate negotiations and climate diplomacy, in the framework of cooperation under the Paris Agreement, and based on the foundational principle of the UNFCCC – the Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), which acknowledges the different capabilities and differing responsibilities of countries in addressing climate change.

Exchange in knowledge and experience, as well as potential collaborative development of various innovative international, bilateral as well as domestic financial mechanisms based on the concepts of debt-for-nature, debt-for-climate, reward-for-nature, etc.

*Irina Ghaplanyan, former Deputy Minister of Environ-
ment for the Republic of Armenia*

The exchange of best practices of **regulatory frameworks, promotion, and incentives for energy-efficient (public) procurement and production** could be a good starting point for a concrete cooperation between the EU and the EAEU. A good example for an effective regulatory framework is the EU Ecodesign Directive, which defines clear requirements for manufacturers and their products.

Further it is helpful for manufacturers to work with same standards and aligned national strategies. A maximum harmonization of standards and regulations between the EU and the EAEU will lead to more investments in energy efficiency and circular products. WILO encourages EU/EAEU research projects that lead to more green public procurement.

Monica Giazzi, WILO

Integrating the best technologies in **energy management** and automated services is a key to efficiency and sustainability in both EU and EAEU. Combining world-leading energy technologies, real-time automation, software and services into integrated solutions for Homes, Buildings, Data Centers, Infrastructure and Industries re-shapes our present and future. Electricity is the most efficient vector for decarbonization, especially when combined with a circular economy approach. Companies in EU and EAEU need support through energy consumption audits / energy consulting for industry/business, to optimise energy use and reduce consumption.

Yulia Bragina, Schneider Electric

4. Financing green-deal based initiatives

Fighting climate change and environmental degradation is a common endeavor, but it is clear that not all regions and countries start from the same point of departure. Therefore, the EU Budget foresees concrete measures to face this challenge. To support the new Green Deal for Europe policies beyond the EU borders, a Neighbourhood, Development and International Cooperation Instrument (NDICI, Global Europe) has been established as part of the EU's 2021-2027 multiannual financial framework (MFF). With an overall allocation of €79.5 billion, the new instrument will cover EU cooperation with all third countries, thereby allowing outreach and promotion of its values worldwide while supporting global multilateral efforts. Over €19 billion will be earmarked for the EU Neighbourhood, and a quarter of this budget would be channeled to climate action.

Developing and rolling out financing mechanisms for projects and programs that contribute to the abatement of global greenhouse gas emissions has been declared a political priority by both EU and EAEU, while both have also pledged willingness to co-operate with regional alliances to that end. Promotion of Green Finance is hence a policy area that lends itself very well to the overarching goal of expanding economic ties between the two Unions. This view is shared by important exponents of the private sector who have gathered in the L2V Initiative. Public and private sectors together will enable the green (energy) revolution for which better access to financing is needed. While both alliances share a concern that some of their Member States may be affected by post-pandemic fiscal policy constraints, neither one has swayed from their Green Finance policy priority as a result.

Leading finance institutions in both EU and EAEU have been at the forefront of promoting Green Finance mechanisms. The Eurasian Development Bank's (EDB) Eurasian Fund for Stabilization and Development (EFSD) has extended repayable investment loans e.g. to companies in the energy sector, such as for hydro power plant rehabilitation in Kyrgyzstan. The EFSD's additional value stems from the fact that it only engages in projects that cannot be financed under market conditions and/or by other IFIs if their terms and risk levels are unsuitable to a project. In 2019, the EDB has adopted a Program on financing

renewable energy sources. Within this program the EDB has provided a EUR 56.2 million long-term multi-currency loan to Hevel Kazakhstan to finance the construction of solar power plants in Kazakhstan with heterojunction solar modules with an installed capacity of up to 90 MW, generating over 160 million kWh per year and reducing carbon dioxide emissions by 85,000 tonnes a year. Other projects are the construction of a 50 MW wind farm in Kazakhstan, consisting of 22 wind turbines; construction of a 90 MW wind farm in Azov District of Russia and many others (more than 17 projects). The EDB is interested in international cooperation in "green" projects' financing. For example, in 2019 the BRICS New Development Bank (NDB) and the Eurasian Development Bank (EDB) have signed a US \$300 million loan agreement to finance green energy projects in Russia between 2019 and 2023. In 2020 the EDB and the UNDP have signed a Memorandum of Understanding focused on investing in strengthening capacities for sustainable development finance, boosting investments in public infrastructure and scaling up green finance in the Commonwealth of Independent States (CIS) region. Currently the EDB is exploring the option of green bonds as it seeks to diversify its funding sources. In addition, the EDB is a member of the Multilateral Financial Institutions' Working Group on Environment and Social Standards and plans to develop its instruments for financing of "green" economy projects. A potential strategic step for the future could be establishment of cooperation between the EDB and the European Investment Bank to unite their resources and experience for possible joint projects on the territory of European and Eurasian unions.

EDB is also one of the shareholders of the Green Finance Centre in Kazakhstan, an institution created by the Astana International Financial Centre (AIFC), another Green Finance champion in the EAEU Region. Green bonds, concessional lending and subsidies for green projects are the AIFC's main instruments, whereas the Green Finance Centre covers expenses that potential issuers of green bonds on the AIX (Astana International Exchange) incur when having to pass a mandatory external review of the bonds. In August 2020, the Centre supported the very first issuing of green bonds in Central Asia. The Cen-

tre considers itself a platform for further harmonization of Green Taxonomies of EU and EAEU states. In April 2021, AIFC was awarded first place in the Global Green Finance Index for the Eastern Europe & Central Asian Region.

The carbon cap and trade sector presents another cooperation possibility between the two Unions that is worth considering. In January 2021, the Russian Ministry of Economic Development and the Government of Sakhalin Region jointly approved the Sakhalin Pilot Carbon Trading System which will be based on a regional GHG emissions and sinks registry, also defining which economic activities will be included in the ensuing pilot trading. Past and current experience of the EU in operationalizing the EU-wide Emissions Trading System will prove invaluable for Russian and other EAEU actors in setting up and expanding such pilots, especially with regard to the need for calculating BAU (business-as-usual) scenarios, allocation planning and capping of carbon trade volumes. Such cooperation may soon become increasingly non-optional in light of the EU Green Deal's key measure of introducing a WTE-compatible carbon border adjustment mechanism (CBAM), intended to reduce the risk of carbon leakage.

Currently, the European Bank of Reconstruction and Development (EBRD) is the only IFI in which both the EU and the EAEU have a large stake. All Member States of both alliances are individual shareholders, as well as the EU collectively and the EIB. In addition, the Governors for Armenia and Uzbekistan (an EAEU observer state) have been elected EBRD Vice Chairs for 2020-2021. In spite of its currently reserved attitude towards the Russian Federation and Belarus (the Bank does no longer engage in new projects but keeps current ones in its portfolio), EBRD is still the most important IFI provider of energy project financing to the private sector, be it in form of senior, subordinated, mezzanine or convertible debt with long maturities, minority equity positions or through its Trade Facilitation Program, a major response and recovery tool from the Covid impact. In Armenia, Kazakhstan and Kyrgyzstan, EBRD is supporting sustainable energy/growth as well as sustainable mining projects. The fact that EBRD is jointly owned by EU and EAEU (albeit EU+EIB+EU-MS hold a combined controlling share of 54%) should be utilized to

a greater extent for expanding green project financing in both alliances.

Co-ordination between the two economic areas may include other IFIs and international funds in which both EU and EAEU Member States have or acquire an operational share, including the International Carbon Fund which has a major role in the global green economy transition.

The Task Force Green Deal will continue to seek stronger policy coordination among EU and EAEU through an intensification of its support for expanding Green Finance options to the private sector for green (energy) projects in Member States. This could be further evaluated to include various climate and green financial facilities available for private sector (e.g. from GCF and similar climate funds).



5. Task Force Members

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Voskehat Isakhanyan
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"For EU and for EAEU there is no other way but to cooperate in order to effectively tackle global challenges such as climate change. Decarbonisation is one of the most important industrial trends and our companies have a good potential to collaborate in order to create new technologies that we need to low carbon footprint. "

Ernesto Ferlenghi
Member of the Board
Executive Vice-President Confindustria Russia



"Businesses and citizens from Lisbon to Vladivostok, we all need green economic transitions for climate and environment to live well on our planet."

Task Force Lead: Johannes Mayer
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Task Force Tax/VAT

Establish buyer's place business as the basic VAT place of supply rule in the EAEU

1. Situation

VAT place of supply determination rules currently established both at the EAEU level (supranational regulation: applicable to activities between taxpayers of the EAEU member states) and in the national legislation of all the EAEU member states without exception (national regulation: applicable to activities with taxpayers of third countries outside the EAEU) differ substantially from the EU place of supply rules for services.

In the EAEU, both supranational and national legislation of the member states still contain a category of services for which there are no special rules - the so-called "other services" which are subject to VAT at the seller's place of business. Thus, in the EAEU the basic (principal) place of supply rule is the seller's place of business. It can be stated that all new types of high-tech works (services) arising from R&D and innovation activities fall into this category.

It should be noted that originally the category of services subject to VAT at the seller's place of business also existed in the EU, but since 2010 the EU has established the buyer's place of business as the basic (main) rule for determining the place of sale.

Examples of services currently subject to VAT in the EAEU at the seller's place of business are listed in Annex 1.

This approach does not correspond to the general VAT neutrality principle which is most fully implemented in the export-import of goods.

The problem described above is relevant for all the EAEU member states except Armenia because in the legislation of Armenia there is a provision according to which the place of service provided/works done is considered to be outside Armenia, if the company which place is not considered to be Armenia according to the Armenian Tax Code (means non-resident) receives services from resident of Armenia. This is one example of how this situation can be solved on the level of EAEU and in the national legislation of all the EAEU member states.

2. Proposal

In this regard, we propose to establish in the EAEU the buyer's place of business as the basic VAT place of supply rule for the services in the B2B segment (except for services for which special regulations are established, such as services directly related to immovable property, services in the field of education, culture and tourism, etc.).

We propose introduce relevant changes into Annex No. 18 to the Treaty on the Eurasian Economic Union and to the national legislation of the member states of EAEU.

3. Why is it favorable for business in EU and EAEU

We believe that such a change is appropriate for the following reasons:

- This approach would implement the basic principle of "country of destination/buyer" VAT taxation, which is most fully implemented in the export-import of goods. We believe that building a full-fledged modern post-industrial economy, oriented towards the consumption of services, is impossible without equalising the tax consequences of export-import of services with export-import of goods.
- Mismatch in the place of supply rules between countries (communities of countries) results in the violation of the mirroring taxation principle. The proposed approach would allow to avoid situations of both, double taxation and double non-taxation of VAT arising from the lack of harmonisation.
- It is extremely important for taxpayers that the elimination of the category of services subject to VAT at the seller's place of business will greatly simplify the tax laws of the EAEU and the EAEU member states, thereby reducing the risks of errors in place of supply determination. Services currently subject to VAT at the seller's place of business and at the buyer's place of business in the EAEU do not normally require a physical presence at the purchaser's place of business. Thus, services taxable under different rules are often very similar and commercially inseparable



Task Force Lead: Vladimir Zaytsev
Head of Tax, SIEMENS (GER)



Ekaterina Lakatosh
Tax Team Lead, SCHNEIDER GROUP (GER/RU)

in nature. Their separation is artificial and based only on formal rules, without any economic justification for the separation, without taking into account the full sectoral diversity of services and, in many cases, is arguable.

- The proposals will not lead to a loss of tax revenues in the EAEU because, on the one hand, the EAEU is a net importer of services, i.e. there is even potential for increased tax revenues; on the other hand, the service providers taxed at the place of business of the seller are put at a deliberate disadvantage when selling on foreign markets, adding to the price of services VAT non-refundable for foreign buyers, i.e. given this inefficiency it is doubtful that their supply of such services on foreign markets would be substantial.

4. Further measures to be taken

Hold regular meetings with colleagues from EU to exchange experience and discuss further harmonization in the tax and VAT sphere.

5. Task Force Members

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Annex I

Examples of services currently subject to VAT in the EAEU at the seller's place of business

Unless otherwise stated, the examples are based on the provisions of the EAEU supranational regulation - Annex No. 18 to the Treaty on the Eurasian Economic Union.

- Telecommunication activities (communication services): Wireline technology-based communication activities, Other wireline technology-based communication activities, Satellite communication activities.
- Production of films, video films and television programs, sound recordings.
- Activities in the field of television and radio broadcasting.
- Activities of telephone call centers.
- Space transport activities: Transportation of passengers by space transport, Transportation of cargo by space transport, Launching of space rockets and placing of space objects in orbit, Activities of space laboratories.
- Geodetic and cartographic activities (including those carried out from outer space). Interpretation of geological data.
- Activities to manage computer systems remotely.
- Software testing and certification services.
- Services for determining compliance with food safety and quality indicators.
- Activities in the field of architecture.
- Design activities. (Subject to VAT at the buyer's place of business under EAEU supranational regulation. The definition partially applies to some types of architectural services. However, the national legislation of certain EAEU member countries establishes the rule for determining the place of sale at the seller's place of business).
- Translation and interpretation activities.
- Employment and recruitment activities.
- Safety and investigation activities.
- Activities of sanitary and epidemiological service organisations.
- Activities in the field of hydrometeorology and related areas, monitoring of the state of the environment, its pollution. Activities for the preparation of meteorological forecasts.
- Reservation services and related activities.
- Conference and exhibition organizing activities.
- Activities of investment funds and similar financial institutions.
- Provision of other financial services: Dealing activities, Provision of factoring services, Credit rating and surety services.
- Auxiliary activities in the field of financial services and insurance: Activities for organizing trade in financial markets, Activities of registrars to maintain a register of securities holders, Activities to determine mutual obligations (clearing), Brokerage activities in transactions with securities and goods, Assessment of risks and damage, Activities of insurance actuaries, Activities of fund management. Assignment of credit ratings.
- Arrangement credit and insurance services.
- Public opinion research.
- Providing intermediary services for the organisation of the purchase and sale of commercial enterprises, and appraisal activities.
- Services for organizing qualification exams.
- Various agency and intermediary activities.
- Quality management system auditing services.
- Certification services for products, services.
- Personnel provision services where personnel are not employed at the purchaser's place of business.

Annex II

Foreign trade statistics of the EAEU member states

Generally, the EAEU is a net importer of services. See below the data on foreign trade in services of the EAEU member states for 2019. In general, for all the EAEU countries, imports of services exceed exports by 43%, which suggests that the change in the place of sale will not lead to a drop in tax revenues of the member states, but there are also prospects for their increase.

Trade in services in 2019

(million US dollars)

	Export	Import	Balance	Balance to Export
Armenia	2,401.5	2,321.7	79.8	3%
Belarus	9,616.4	5,832.6	3,783.8	39%
Kazakhstan	7,773.6	11,428.5	-3,654.9	-47%
Kyrgyzstan	883.4	736.1	147.3	17%
Russia	62,806.0	99,000.3	-36,194.3	-58%
Total	83,480.9	119,319.2	-35,838.3	-43%

Source: http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/fin_stat/express_information/Documents/balance/express_bp_4Q2019.pdf

Due to the scale of economies, the main excess of imports over exports to the EAEU falls on the Russian Federation and Kazakhstan.

At the same time, it is necessary to note the following statistics regarding "other" services for individual countries according to various open sources:

- In Russia, in 2019 the category "Other business services - Technical, trade intermediary and other business services", exports amounted to USD 6,499 million and imports to USD 14,858 million.
- In Kazakhstan, in 2019 in the category "Other business services – technical, trade-related and other business services", exports amounted to USD 360.7 million and imports to USD 3,360.7 million.
- In Belarus, in 2019 in the category "Other business services", exports amounted to USD 1,106 million and imports to USD 806 million.
- In Kyrgyzstan, in 2019, in the category "Business services", exports amounted to USD 50.1 million and imports to USD 75.3 million.

- In Armenia, in 2019, in the category "Other business services", exports amounted to USD 43.4 million and imports to USD 91.6 million.

Thus, only in the Republic of Belarus, exports of other business services exceed imports, which does not change the situation with the excess of imports over exports in the EAEU as a whole.

We also believe that although the category "Other services" in the balance of payments of countries does not completely coincide with the concept of "other services" for the purpose of determining the place of sale for VAT, this comparison is quite representative.

In addition, it is unlikely that the EAEU member states are net exporters of the services specified in Annex I. "Examples of services currently subject to VAT in the EAEU at the seller's place of business".

Task Force Visa Liberalization

Facilitate a visa free or e-visa regime between the EU and EAEU

- *A simplification and potentially the abolition of the visa regimes in the geographical space from Lisbon to Vladivostok would be a signal that brings together businesses, people and societies.*
- *The countries of the EAEU are gradually implementing visa facilitation for EU citizens, up to visa-free travel.*
- *Corresponding measures from the EU would be logical and necessary.*

1. Problem

We are living in times of geopolitical tensions, rising protectionism and decoupling, wide-spread building of trade barriers and the existence of complex sanction regimes. A simplification and potentially the abolition of the visa regimes in the geographical space from Lisbon to Vladivostok would reduce bureaucratic costs, facilitate investments and trigger economic development.

Inconsistent visa regimes are in place throughout the area from Lisbon to Vladivostok. Whereas people from Georgia, Moldova and Ukraine already enjoy visa-free travel with the EU, there are no serious visa liberalization processes with countries from the Eurasian Economic Union. A negotiation process on a modernized Agreement on Visa Facilitation with Russia was suspended by the EU in 2014. Visa liberalization for citizens from Kyrgyzstan and Kazakhstan is not seriously discussed. Armenia has been hoping and negotiating for years for an official process towards visa-free travel. At least with Belarus local border traffic regulation agreements with the EU are in existence (with Lithuania) and in summer 2020 the EU implemented a visa-facilitation agreement with Belarus and provided reduced visa fees.

In general, member countries of the Eurasian Economic Union provide more favorable entry opportunities for the citizens of the EU. Kyrgyzstan (since 2012), Kazakhstan (since 2017), and Armenia have completely abolished visa requirements for short stays, in Armenia even for 180 days. Visa free entry to Belarus is allowed via the national airport Minsk since 2018. The western region of Belarus, Grodno and Brest, were declared visa free zones, to enter via car or train, in 2019. In 2018, Russia had granted visa-free entry during the World Cup for international fans for the first time in its history. The concept will be repeated in 2021 for the European Championship. At the same time, Russia has introduced the e-visa 2021. This is a non-bureaucratic, inexpensive and fast form of visa issuance.

2. Solution

A short-term goal should be a restart of an EU led dialogue on visa facilitation with Russia and the countries of EAEU with the aim of simplification of visa applications in accordance with the visa procedures of the EAEU countries offered to EU citizens. The introduction of EU e-visa facilities would be one of the first steps in this process. This will reduce costs and will facilitate a regular interchange of businessmen, tourists, and students. A Mid-term goal can be the abolition of visa regimes for young people up to 25 years, for short-term business trips, and tourism.

Roadmaps for a visa-free travel from Lisbon to Vladivostok should be back on the agenda.

3. Background

The EU has always had a long-lasting visa strategy towards its eastern partners. For most of them individual “Roadmaps towards a visa-free regime” were developed. These documents contain a set of requirements for each country willing to get visa-free access to Schengen Area and are reviewed on a regular basis by the EU Commission. Due to the successful implementation of readmission agreements and to the state of reforms, by 2010 the EU had offered visa-free regime to five Western Balkan countries. Georgia, Moldova, and Ukraine as members of the EU Eastern Partnership Program were offered similar visa liberalization processes. As for Russia, until 2013 there were two visa dialogues that went parallelly: negotiations on the modification of the Agreement between EU and Russia on facilitation of the issuance of visas to EU and Russian citizens (signed in 2006) and negotiations on implementation of Common steps towards visa free short-term travel of Russian and EU citizens. In 2013 Russia and the European Union were very close to a modernized Agreement on Visa Facilitation, including allowing holders of biometric service passports (along with diplomats) to travel without visas. Also, some progress was visible relating to “Common steps”. For political reasons, these dialogues were suspended by EU in 2014. Conversely, the visa liberalization progress with Moldova, Ukraine and Georgia progressed successfully, with the EU approval of visa-free travel for Moldavians in 2014, Georgians in March 2017 and Ukrainians in June 2017. However, as a result today we have inconsistent visa regimes in place throughout the area from Lisbon to Vladivostok. This calls for action.

Economic Benefits

In 2019 consulates of Schengen area countries received over 5 million applications from citizens of EAEU countries (Russia: 4,133,000) with a rejection rate of less than two percent. Conversely, 1,5 million EU citizens applied for visas to Russia alone. Assuming an average cost of EUR 100-200 per visa, this amounts to approximately EUR 1 billion years on year. With regards to tourism, an EU study on the economic impact of short stay visa facilitation states that around four million of potential travelers from Russia, including 180,000 business travelers, were lost due to the Schengen zone visa regime. The study concludes a potential loss of profit of EUR 5.2 billion in direct contributions to GDP every year and up to 100.000 lost jobs in the EU. The effects to the Russian economy may be similar. This shows that visa regulations are a major cost factor in doing business and a key barrier to investment. Conversely, business travel is likely to stimulate local innovation, brings together entrepreneurs and facilitates exchange of know-how. Thus, there exist numerous economic benefits of visa-free travel, such as:

- Cutting cost for bureaucratic procedures for travelers, businesses and taxpayers via reduced costs at consulates
- Triggering investments and economic development, boosting tourism
- Eliminating competitive disadvantages for companies engaging in business between Lisbon and Vladivostok vis-à-vis companies from outside the region.

It is already recognizable that the pandemic related travel restrictions introduced in 2020 are having a negative impact on the two large economic areas of the EU and the EAEU and are further deepening the current political crises between the EU and Russia and Belarus. It is important to reverse this negative trend of mutual isolation. This is another reason why there must now be new efforts in the mutual visa liberalization process.

Political Benefits

- Important signal for dialogue between countries and their citizens in times of current widespread political tensions
- Promoting stability, democracy, rule of law and social

- wellbeing within the space from Lisbon to Vladivostok
- Using the momentum of visa-free travel for citizens of Moldova, Ukraine and Georgia and take the overall positive experience of its implementation in order to further enlarge the visa-free travel area
- Means for reciprocal simplification/abolition of visa regime after steps by countries of the EAEU
- Tasks to be achieved for elimination of visa barriers often involve domestic reforms, stricter document protection systems and introduction of advanced technologies that help fight against illegal migration.

Social Benefits

- Promoting better exchange for organizations of the civil society such as youth exchange, as well as people-to-people contacts and for families with relatives living abroad
- Facilitating free flow of people and ideas in the sphere of education and R&D
- Simplifying trips to major international events hosted in the area within Lisbon and Vladivostok by building on positive experiences with FIFA World Cup 2018 and UEFA EURO 2021.

Countering widespread misperceptions

Instead of focusing on the potential benefits, discussions about visa simplification often center on perceived dangers, such as uncontrolled immigration or rising crime. However, a closer examination reveals that these perceptions are mostly not justified, as shows the case of Moldova, Georgia and Ukraine. Visa-free travel only allows for a stay up to 90 days in any 180 days period in a foreign country. A longer stay requires a work permit. Experience from existing simplified travel regimes between Lithuania and Belarus or Russia and Norway show that neither abuse nor rising crime rates can be observed. In those seldom cases of abuses there do exist repatriation/readmission agreements between the involved countries. Also, visa-free travel does not mean that border controls are abolished. Controls are still in place and the existing Schengen Information System helps to identify possibly dangerous persons. The introduc-

tion of biometric passports in many countries involved, additionally guarantees more security. Generally, criminal subjects might always find ways to circumvent the existing visa regimes and a few people potentially abusing visa-free travel should not constitute the reason to put millions of people under general suspicion.

4 .Other Initiatives

The Initiative Lisbon-Vladivostok supports its member organizations and the various initiatives on the establishment of a visa free regime with Russia and the countries of the EAEU. The German Eastern Business Association and German Russian Chamber of Commerce have been campaigning for visa-free travel for many years.

In particular, visa-free travel for young people up to the age of 25 has been demanded by many associations and business representatives, such as the German-Russian Forum, the German-Russian Youth Exchange and companies like Wintershall Dea.



5. Task Force Members

Task Force Lead: Andreas Metz

German Eastern Business Association (GER)

Tevan Poghosyan

International Center for Human Development (ARM)

Miriam Danne

SCHNEIDER GROUP (GER/ RU)

"Travel restrictions in the form of visa requirements do not fit in with a common European economic area. They hinder business and tourism, cost a lot of time and money and have long been superfluous in the age of biometric passports. Abolishing them would be a free economic stimulus program for the European economy, which is why I am glad to be involved in the Lisbon-Vladivostok working group."

Task Force Lead: Andreas Metz

German Eastern Business Association



Members

Business Associations



Association of
European Businesses
in Russia



German Russian
Chamber of Commerce



German Eastern
Business Association



Russian Union of
Industrialists and
Entrepreneurs



Belarusian Chamber
of Commerce and
Industry



Russian Chamber of
Commerce and
Industry



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Belgian-Russian
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German Belarusian
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German Central Asian
Chamber of Commerce



Italian Russian Chamber
of Commerce



French Russian
Chamber of Commerce



Association of Russian
Businesses in Germany



Belgian-Armenian
Chamber of Commerce



Russian Union of
Exhibitions and Fairs



German-Belarusian
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Association of Banks
of Russia



Business Club Russia



Russian Association of
Specialized Machinery
and Equipment



Russian Association of
Pulp & Paper Organizations
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Belgian-Luxembourg
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Financial & Business
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Russian-German Trade
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Chamber of Commerce
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Portugal-Russia



Portuguese Industrial
Association



Portuguese Business
Association



Federal Association for
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and Foreign Trade



Association of Russian
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manufacturers



ICHD – International
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German Russian Raw
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Companies



SAP CIS



Metro



Knauf



Knorr Bremse



Allianz Russia



Siemens



Bosch



Schneider Electric



Kirovsky Savod



Severstal



Kühne & Nagel



Raiffeisen Bank
International



DÜRR AG



Bionorica



SCHNEIDER
GROUP



Gebrüder
Weiss



Business Zone
Gomel Raton



backaldrin



Zeppelin



Linde



LaModa



Volkswagen Russia



Continental



DB Cargo Eurasia



Wintershall Dea



Uniper



Ahlers



Wilo



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Bayer



Herrenknecht



Globus
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BERTSCH Holding



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Messe Frankfurt



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REHAU



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Symrise



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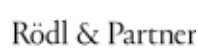
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Energoservice



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Boos Lighting Group



Loxx Logistics



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