

Palacký University Olomouc
Faculty of Science
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**THE EURASIAN ECONOMIC UNION
AND THE EUROPEAN UNION**

A COMPARISON OF DEVELOPMENT GOALS AND METHODS

Bachelor thesis

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ANOTACE

Cílem práce je porovnat strukturu, rozsah a obecné přístupy k rozvoji v Evropské unii a v Eurasijské ekonomické unii. Součástí práce je analýza institucionální struktury obou integračních projektů a rozhodovacích procesů. Principy rozvoje jsou zjišťovány na základě obchodních preferencí, které obě unie poskytují rozvojovým zemím, a obchodních dohod se Srbskou republikou, které uzavřely obě unie.

KLÍČOVÁ SLOVA

EU; EAEU; instituce; vztahy; rozvojové státy

Počet stran práce: 63

ANOTATION

The aim of the thesis is to compare the structure, scope and development principles of the European Union and Eurasian Economic Union. Institutional structure of both integration projects is explored, as well as the decision-making processes. Development principles are explored on the basis of tariff preferences which both unions grant to developing countries, as well as trade agreements with the country of Serbia, which both unions have signed.

KEYWORDS

EU; EAEU; institutions; relations; developing countries

Number of pages 63

Declaration

I hereby declare that I am the sole author of this work. All information derived from works of others has been duly referenced and a list of those references is presented. I agree to the publication of my bachelor thesis in accordance with Act No. 111/1998 Coll., on Higher Education. I have been informed that my thesis is subject to the rights and obligations arising from Act No. 121/2000 Coll., Copyright Act, as amended.

Done in Olomouc on 7th June 2021

George Mitrović

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Zásady pro vypracování

Cílem bakalářské práce je porovnání rozvojových cílů a přístupů k rozvoji v Eurasijské ekonomické unii a v Evropské unii. Vedle obecného a institucionálního rámce obou organizací se bude autor zabývat problematikou vnějších ekonomických vztahů s rozvojovými zeměmi, zejména v oblasti uzavírání obchodních dohod a dohod o volném obchodu s rozvojovými zeměmi (to bude zahrnovat zejména přehled uzavřených dohod a analýzu jejich cílů, rozsahu i limitů).

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- primární dokumenty EEU (<https://docs.eaeunion.org/ru-ru>) a EU (<https://eur-lex.europa.eu/homepage.html>)

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List of abbreviations

CIS	Commonwealth of Independent States
EAEU	Eurasian Economic Union
ECSC	European Coal and Steel Community
EDB	Eurasian Development Bank
EEC	Eurasian Economic Commission
EEC	European Economic Community
EPA	Economic Partnership Agreement
EU	European Union
EurAsEC	Eurasian Economic Community
	European Union Agency for Law Enforcement Co- operation
Europol	
Frontex	European Border and Coast Guard Agency
GNI	Gross national income
GSP	Generalised Scheme of Preferences
LDC	Least Developed Country
	Organization of African, Caribbean and Pacific States
OACPS	
	Organisation for Economic Co-operation and De- velopment
OECD	
SAA	Stabilization and Association Agreement
SEEC	Supreme Eurasian Economic Council
SES	Customs Union and the Single Economic Space
UN	United Nations
USSR	Soviet Union
WTO	World Trade Organization

Introduction

The European Union and Eurasian Economic Union present two large regional integration projects on the continental landmass of Eurasia. Together, they cover almost a half of this landmass, and have a combined population of over 630 million people. Exploring the nature of these two formations, how their function and what their priorities are in relation with the outside world can help us better understand global processes.

The aim of this thesis is to explore and compare the structures and scopes of both integrations, as well as the principles they follow in external relations, namely in relation to countries in development in the aspects of trade.

For the reasons of great asymmetry between the EU and EAEU in scope of concluded agreements and the issue of finding an adequate overlap on which to base the comparison, the part of the original research aim, as set by in the Assigned topic (Czech *zadání*):

to explore and compare all trade agreements concluded by both sides and analyse their aims,

had to be narrowed down to:

the systems of trade preferences both sides employ in relation to developing countries;

the specific agreements both unions have concluded with the Republic of Serbia.

Looking at the World Bank statistics and income classifications, which put Serbia in the upper-middle income category, one can argue that this is not a *developing country*. This is true in a narrow sense of the term. However, in a broader context of development studies, it possesses the characteristics of a country whose development processes are explored in the mentioned field. Further, given the young age of the Eurasian integration and a relatively small number of concluded FTAs, Serbia was chosen as the most feasible and relevant example on which to base the comparison of both unions' approaches.

For a general overview, this work made use of relevant books written on topics of European and Eurasian integration. Where the research went deeper, relevant international agreements, treaties, laws, decisions, and institutional publications were used. Websites of individual institutions and union bodies provided information on their activities, and the Statistical Office of the Republic of Serbia was the source of trade related data presented in Chapters 1.3.2 and 2.3.2. Press releases and news articles were used where appropriate in order to provide a broader picture and further details.

THE EUROPEAN UNION

1.1 History of European integration

The goals of achieving peace after the Second World War through cooperation gave root to the creation of the European Coal and Steel Community (ECSC) in 1951. Belgium, France, Italy, Luxembourg, the Netherlands and West Germany came together to bring their steel industries together. ECSC's structure and base later served to establish the European Economic Community (EEC) in 1958, after the Treaty of Rome was signed in 1957. The treaty committed the original six members to further economic goals, such as reduction of barriers to the free movement of people, services and capital, development of common agricultural and transport policies and commitment to creation of the single market and establishment of a common external tariff. The European Social Fund and the European Investment Bank were also established. The institutional structure established by the Rome Treaty: the Commission, Council of Ministers, Parliamentary Assembly (later European Parliament) and the Court of Justice remain until today.¹

Achievements of the EEC in the early years include an agreement on common external tariff and Common Agricultural Policy in 1968, the launch of the European Regional Development Fund in 1973 and the introduction of direct elections to the European Parliament in 1979. Also, preferential trade agreements with 18 former African colonies were signed under the 1963 Yaoundé Convention.² The EEC experienced enlargement several times, with the United Kingdom, Denmark and Ireland joining in 1973, followed by Greece in 1981 and Spain and Portugal in 1986.³

The agreement was reached in 1985 to create the border-free Schengen Area and the implementation started in 1995.⁴ The Single European Act, the first formal change in Community's powers since the Rome Treaty, signed in 1987, has set the goal to complete the single market by the end of 1992, ensuring free movement of people, goods and services without internal borders. The Community gained responsibility over new policy areas which included the environment, research and development, and regional policy, the European Court of Justice acquired more powers and the Court of First Instance was created. Companies could do business throughout the

¹ Jonathan Olsen, *The European Union: Politics and Policies*, Seventh edition (New York, NY: Routledge, 2021).

² Jonathan Olsen.

³ European Commission, 'Enlargement: From 6 to 27 Members', Text, European Neighbourhood Policy And Enlargement Negotiations, 6 December 2016, https://ec.europa.eu/neighbourhood-enlargement/policy/from-6-to-27-members_en.

⁴ European Commission, 'Schengen Area', Text, Migration and Home Affairs, 6 December 2016, https://ec.europa.eu/home-affairs/what-we-do/policies/borders-and-visas/schengen_en.

Community, and protectionism was outlawed.⁵ The goal of cohesion in foreign policy was set and qualified majority voting in some areas of single market legislation was established.⁶

Further aims toward a political union gave birth to the Maastricht Treaty, which was signed in 1992 and came into force in 1993. Officially bearing the name Treaty on European Union, it created this new organisation based on three pillars, the first one being the reformed European Community, with more authority given to the Council of Ministers and European Parliament. A Common Foreign and Security Policy formed the second pillar, while the third one covered cooperation in areas of justice and internal affairs.⁷ Further advances include the creation of a European police intelligence agency (Europol) and EU “citizenship”, the right for citizens to live anywhere inside the community and vote in both European elections and the local ones in the country they live in. The Maastricht Treaty has also set the criteria for the monetary union, by creating the concept of common currency and establishing the European Central Bank.⁸

On the 1st of January 1995, the EU welcomed Austria, Finland and Sweden to the Union.⁹

Following Maastricht, the 1997 Amsterdam Treaty revisited a number of EU competences. Decision-making was brought closer to the people with the European Parliament gaining co-decision competencies with the Council of Ministers in all areas except agriculture and competition policy and the right of approval over the appointment of all members of the European Commission, including its President.¹⁰

In January 1999, “euro” common currency was launched. On the 1st of January 2002, first coins and banknotes were launched and the final switch began in 12 EU

⁵ Jonathan Olsen, *The European Union: Politics and Policies*, Seventh edition (New York, NY: Routledge, 2021).

⁶ Simon Usherwood and John Pinder, *European Union: A Very Short Introduction* (Oxford University Press, 2018).

⁷ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

⁸ European Union Member States, ‘Treaty on European Union’, Pub. L. No. OJ C 191, 01 (1992), <https://eur-lex.europa.eu/eli/treaty/teu/sign>.

⁹ European Commission, ‘Enlargement: From 6 to 27 Members’, Text, European Neighbourhood Policy And Enlargement Negotiations, 6 December 2016, https://ec.europa.eu/neighbourhood-enlargement/policy/from-6-to-27-members_en.

¹⁰ European Union Member States, ‘Treaty of Amsterdam Amending the Treaty on European Union’, Pub. L. No. OJ C 340 (1997), <https://eur-lex.europa.eu/eli/treaty/ams/sign>.

countries. The UK and Denmark have been granted exemptions,¹¹ and Sweden, which joined after the Maastricht treaty was signed, has rejected “euro” later, in 2003 referendum.¹²

With the EU’s upcoming expansion (ascension of 10 new member countries), the Nice Treaty was signed in 2001 to provide the institutional reforms, such as an improved cooperation procedures and new voting weights in the Council of Ministers, in order to provide for an efficient functioning of Union’s institutions following the expansion¹³

The Baltic states of Estonia, Latvia and Lithuania, the Central European states of the Czech Republic, Hungary, Poland, Slovenia and Slovakia and the two Mediterranean countries of Cyprus and Malta joined the Union on the 1st of May 2004. Bulgaria and Romania followed suit and joined in 2007.¹⁴

After unsuccessful attempts to draft the “Constitution for Europe”, the new reform treaty was signed in Lisbon in 2007. Fundamental changes were made to the existing treaties in order to strengthen the Union’s capacity to act within and outside its borders.¹⁵ The Treaty abolished the pillar structure and merged European Union and European Community into a single, full legal personality.¹⁶ The powers of the Union were clarified and 3 types of competences distinguished¹⁷:

¹¹ European Union Member States, ‘Treaty on European Union - Protocol on Certain Provisions Relating to the United Kingdom of Great Britain and Northern Ireland’, Pub. L. No. C 191 (1992), https://eur-lex.europa.eu/eli/treaty/teu/pro_11/sign; European Council, ‘Denmark and the Treaty on European Union’, Pub. L. No. OJ C 348 (1992), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:41992X1231>.

¹² EOS Gallup Europe, ‘Post-Referendum in Sweden’, Flash Eurobarometer (EU Directorate-General for Communication, October 2003).

¹³ European Union Member States, ‘Treaty of Nice Amending the Treaty on European Union’, Pub. L. No. OJ C 80 (2001), <https://eur-lex.europa.eu/eli/treaty/nice/sign>.

¹⁴ European Commission, ‘Enlargement: From 6 to 27 Members’, Text, European Neighbourhood Policy And Enlargement Negotiations, 6 December 2016, https://ec.europa.eu/neighbourhood-enlargement/policy/from-6-to-27-members_en.

¹⁵ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

¹⁶ Jonathan Olsen, *The European Union: Politics and Policies*, Seventh edition (New York, NY: Routledge, 2021).

¹⁷ Eeva Pavy, ‘The Treaty of Lisbon’, Fact Sheets on the European Union, November 2020, <https://www.europarl.europa.eu/factsheets/en/sheet/5/the-treaty-of-lisbon>.

Exclusive competence: the Union legislates and Member States implement;
Shared competence: the Member States to legislate and adopt measures if the Union has not done so;
Supporting competence: the Union supports or complements policies set by the Member States.

A new formula for qualified majority voting within the Council of Ministers and new powers for the Parliament were established, including the competence over proposals for almost all Union legislation. The European Council, consisting of heads of the Member States, was formally established and the position of the President was created. The post of the High Representative of the Union for Foreign Affairs and Security Policy was also formed.¹⁸

On the 1st of July 2013, Croatia became the newest member of the European Union. This brought the number of Member States to 28 and Union's combined population to 510 million citizens.¹⁹

On the 31st of January 2020, the United Kingdom left the European Union, after a national referendum was held on the 23rd of June 2016. The EU-UK trade and cooperation agreement was signed between the two parties to help define their future relationship.²⁰ This brought down the number of Member States to 27.

¹⁸ European Union Member States, 'Treaty of Lisbon Amending the Treaty on European Union', Pub. L. No. OJ C 306, 01 (2007), <https://eur-lex.europa.eu/eli/treaty/lis/sign>.

¹⁹ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

²⁰ European Union, 'Brexit: EU-UK Relationship', 30/04/2021, 30 April 2021, <https://eur-lex.europa.eu/content/news/Brexit-UK-withdrawal-from-the-eu.html>.

Table 1: European Union member states listed according to year of accession

European Union				
<i>Year joined</i>	<i>Member States</i>		<i>Year joined</i>	
1952	Belgium	Cyprus	2004	
	France	Czech Republic		
	Italy	Estonia		
	Luxembourg	Hungary		
	Netherlands	Latvia		
	West Germany	Lithuania		
1973	<i>United Kingdom*</i>	Malta		
	Denmark	Poland		
	Ireland	Slovakia		
1981	Greece	Slovenia		
1986	Portugal	Bulgaria		2007
	Spain	Romania		
1995	Austria	Croatia	2013	
	Finland			
	Sweden			
*no longer a member, withdrew in 2020				

1.2 Institutions of the European Union

The main institutions of the European Union include the European Council, Commission, Council of Ministers, European Parliament and the Court of Justice. Those and further notable institutions will be presented in this section.

1.2.1 European Council

The supreme political body of the EU, the European Council brings together the Member States' heads of state or government and high-ranking EU officials and sets the general direction of policy-making in Union. The President of the European Council is elected for a two and a half year term that is renewable once.²¹ The summits are held at least 4 times per year and, among EU officials, they are attended by the President of the European Commission, the secretary general of the Council of Ministers, the High Representative of the Union for Foreign Affairs and Security Policy.²² The decisions are normally made by consensus,²³ although the rules of qualified majority can be applied in case where the treaties allow for an exception²⁴

The European Council meets in Brussels, Belgium.²⁵

1.2.2 European Commission

The European Commission performs executive and bureaucratic functions. It is responsible for designing and proposing new legislation, as well as overseeing the application of existing legislation as well as the original treaties by the Member States.²⁶ Further, it manages the Union's budget, presents it in international negotiations and promotes the interests of the EU as a whole.²⁷ The Commission

²¹ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

²² Jonathan Olsen, *The European Union: Politics and Policies*, Seventh edition (New York, NY: Routledge, 2021).

²³ Article 15 European Union Member States, 'Treaty on European Union', Pub. L. No. OJ C 202 (2016), https://eur-lex.europa.eu/eli/treaty/teu_2016/2020-03-01.

²⁴ Article 235, European Union Member States, 'Treaty on the Functioning of the European Union', Pub. L. No. C 326, 01 (1958), https://eur-lex.europa.eu/eli/treaty/tfeu_2012/oj.

²⁵ European Union, 'European Council', Text, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/european-council_en.

²⁶ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

²⁷ Jonathan Olsen, *The European Union: Politics and Policies*, Seventh edition (New York, NY: Routledge, 2021).

possesses the right of initiative, it is the sole EU institution with a power to propose new legislation.²⁸

The Commission is elected for a renewable five-year term with one Commissioner per Member State, currently 27, each responsible for a specific policy area.²⁹ The elected officials are required to be “completely independent” from the influence of national governments or other entities.³⁰

The process of appointing the Commission begins with the European Council proposing the candidate for Commission President to the European Parliament. After the Parliament approves, the Council of Ministers can appoint other Commissioners and the European Council the High Representative of the Union for Foreign Affairs and Security Policy. Once formed, the entire Commission, along with the President and the High Representative, must be approved by the Parliament.³¹

The European Commission has its headquarters in Brussels, Belgium.³²

1.2.3 European Parliament

The European Parliament represents the Union’s citizens. The Members of the European Parliament are directly elected for a 5-year period and group each other by political affiliation rather than nationality.³³

The citizens’ representation is degressively proportional based on Member States’ population with the minimum threshold of 6 seats per Member State. The number of representatives cannot exceed 750 in total and 96 per Member State.³⁴ At the time of writing, in 2021, the Parliament had 705 elected members in total.³⁵

²⁸ Anthony Arnall, *European Union Law: A Very Short Introduction* (Oxford: Oxford University Press, 2017).

²⁹ Jonathan Olsen, *The European Union: Politics and Policies*, Seventh edition (New York, NY: Routledge, 2021).

³⁰ Article 17 European Union Member States, ‘Treaty on European Union’, Pub. L. No. OJ C 202 (2016), https://eur-lex.europa.eu/eli/treaty/teu_2016/2020-03-01.

³¹ Anthony Arnall, *European Union Law: A Very Short Introduction* (Oxford: Oxford University Press, 2017).

³² European Union, ‘European Commission’, Text, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/european-commission_en.

³³ European Union, ‘European Parliament’, Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/european-parliament_en.

³⁴ Article 14, European Union Member States, ‘Treaty on European Union’, Pub. L. No. OJ C 202 (2016), https://eur-lex.europa.eu/eli/treaty/teu_2016/2020-03-01.

³⁵ European Parliament, ‘MEPs by Member State and Political Group’, 13 May 2021, <https://www.europarl.europa.eu/meps/en/search/table>.

The Parliament decides on all legislative matters alongside the Council of Ministers based on the procedure of co-decision. No EU legislation can be passed without its agreement. Also, it approves the budget and co-decides on all expenditure questions.³⁶ The Parliament can also monitor and review the Commission's work and ask it to propose legislation.³⁷

The Parliament itself presides in Strasbourg, France, and its administrative Secretariat is based in Luxembourg City, Luxembourg.³⁸

1.2.4 Council of the European Union

The representatives of each Member State at ministerial level meet in this body that is also known as the **Council of Ministers**. The representatives from different departments (ministries) attend the Council's meetings depending on the issues and policies discussed.³⁹

³⁶ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

³⁷ European Union, 'European Parliament', Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/european-parliament_en.

³⁸ Jonathan Olsen, *The European Union: Politics and Policies*, Seventh edition (New York, NY: Routledge, 2021).

³⁹ European Commission. Directorate General for Communication., *The European Union: What It Is and What It Does*. (LU: Publications Office, 2020), <https://data.europa.eu/doi/10.2775/41083>.

The formations of the Council are as follows⁴⁰:

- General Affairs
- Foreign Affairs
- Economic and Financial Affairs
- Justice and Home Affairs
- Employment, Social Policy, Health and Consumer Affairs
- Competitiveness
- Transport, Telecommunications and Energy
- Agriculture and Fisheries
- Environment
- Education, Youth, Culture and Sport

The Council co-decides with the Parliament on all proposed legislation,⁴¹ can make requirements as to how the Commission implements it, and even act in an executive capacity itself⁴² It is the lead decision-making organ for the coordination of the

Member States' economic policies as well as Common Foreign and Security Policy. It is further responsible for concluding agreements between the EU and third countries or organisations, co-deciding on EU's budget and appoints members to the Court of Auditors, the Economic and Social Committee and the Committee of the Regions.⁴³

The Council is by presided by an 18-month rotating presidency of three Member States in a so called "trio presidency". Each of the countries preside over all meetings for the period of 6 months and coordinate their leadership with the other two, providing for the enhanced cooperation of consecutive Council presidencies.⁴⁴ The exception is the Foreign Affairs Council, which is always presided by the High Representative of the Union for Foreign Affairs and Security Policy.⁴⁵

The decisions are made by qualified majority, requiring 55% of countries representing at least 65 % of total EU population. Four countries can group to block a decision, but together they must represent at least 35% of total EU population. Decisions on sensitive topics, which include foreign policy and taxation are, however,

⁴⁰ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

⁴¹ European Commission. Directorate General for Communication.

⁴² Simon Usherwood and John Pinder, *European Union: A Very Short Introduction* (Oxford University Press, 2018).

⁴³ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

⁴⁴ Marton Sulyok, 'Institutions of the European Union', ed. Anita Pelle and Szilvia Váradi (Szeged: Innovariant, 2017), 37–52.

⁴⁵ European Commission. Directorate General for Communication., *The European Union: What It Is and What It Does*. (LU: Publications Office, 2020), <https://data.europa.eu/doi/10.2775/41083>.

required to be made by consensus. Procedural & administrative issues can, on the other hand, be resolved by simple majority.⁴⁶

The Council of the European Union meets in Brussels, Belgium.⁴⁷

1.2.5 Court of Justice of the European Union

The Court of Justice interprets EU law and ensures that both the EU institutions and the Member States respect their obligations.⁴⁸ The Court consists of one judge from each Member State,⁴⁹ and is assisted by 11 Advocates General.⁵⁰ Depending on the difficulty and significance of the cases it presides on, the Court may sit either in full formation, in a Grand Chamber of 15 Judges, the Chamber of three or the Chamber of five Judges.⁵¹

The Court's proceedings include⁵²:

- giving references for preliminary rulings to the national courts of Member States, clarifying particular points on the interpretation of the EU law;
- determining whether a Member State has fulfilled its obligations under the EU law, as a result of a case brought to it by the Commission;
- cases for annulment of a measure adopted by an EU institution or its body;
- actions for failure to act, judging the legality of inaction of the EU institutions on a particular issue;
- Appeals against judgements and orders of the General Court.

The General Court is a subsidiary court, established in 1988 to relieve pressure on the Court of Justice resulting from its growing workload.⁵³ It is formed by 2 judges from

⁴⁶ European Union, 'Council of the European Union', Text, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/council-eu_en.

⁴⁷ European Union.

⁴⁸ Court of Justice of the European Union, 'General Presentation', The Institution, accessed 15 May 2021, https://curia.europa.eu/jcms/jcms/Jo2_6999/en/.

⁴⁹ Article 19.2, European Union Member States, 'Treaty on European Union', Pub. L. No. OJ C 202 (2016), https://eur-lex.europa.eu/eli/treaty/teu_2016/2020-03-01.

⁵⁰ European Union, 'Court of Justice of the European Union (CJEU)', Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/court-justice_en.

⁵¹ Court of Justice of the European Union, 'Presentation', Court of Justice, accessed 15 May 2021, https://curia.europa.eu/jcms/jcms/Jo2_7024/en/.

⁵² Court of Justice of the European Union.

⁵³ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

each EU country,⁵⁴ and deals at first instance with all direct actions brought by private applicants.⁵⁵

The Court of Justice and the General Court preside in Luxembourg City, Luxembourg.⁵⁶

1.2.6 Further EU institutions and bodies

The **European Court of Auditors** reviews EU revenue and expenditure, produces audit reports for the Commission and national governments and annual reports for the European Parliament and the Council of Ministers, in order for them to decide on the EU budget, and reports suspected fraud and corruption to the European Anti-Fraud Office.⁵⁷

The **European Central Bank**, headquartered in Frankfurt, Germany, manages the European Union's 'euro' currency, maintains its stability and controls the amount of currency in circulation.⁵⁸ It forms part of the **European System of Central Banks** together with the central banks of the Member States which implement 'euro' currency.⁵⁹ The European System of Central Banks defines and implements the monetary policy of the Union, authorises the issue of banknotes and coins, manages currency reserves of the Member States, and ensures the smooth operation of payments systems.⁶⁰

The **European Investment Bank** helps to advance the aims of the European Union by providing loans and guarantees in all economic sectors. It supports projects of common interest to Member States, including the development of less-developed regions, jobs-creation and their modernisation, etc.⁶¹ The Bank also supports actions to mitigate climate change and promotes the Union's policies outside its borders. The

⁵⁴ European Union, 'Court of Justice of the European Union (CJEU)', Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/court-justice_en.

⁵⁵ Anthony Arnall, *European Union Law: A Very Short Introduction* (Oxford: Oxford University Press, 2017).

⁵⁶ European Union, 'Court of Justice of the European Union (CJEU)', Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/court-justice_en.

⁵⁷ European Union, 'European Court of Auditors (ECA)', Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/european-court-auditors_en.

⁵⁸ Article 128, European Union Member States, 'Treaty on the Functioning of the European Union', Pub. L. No. C 326, 01 (1958), https://eur-lex.europa.eu/eli/treaty/tfeu_2012/oj.

⁵⁹ Article 129, European Union Member States.

⁶⁰ Article 127, European Union Member States.

⁶¹ European Commission. Directorate General for Communication., *The ABC of EU Law* (LU: Publications Office, 2017), <https://data.europa.eu/doi/10.2775/953190>.

European Investment Fund, in which the Bank is the majority shareholder, provides funding to small and medium-sized enterprises.⁶²

The **European Ombudsman** investigates complaints of poor administration by EU institutions and its bodies, such as unfair conduct, discrimination, abuse of power, etc. The complaints may be raised by the Union's citizens and residents, as well as associations and businesses based in the Union.⁶³

The **European Union Agency for Law Enforcement Cooperation (Europol)**, headquartered in the Hague, Netherlands,⁶⁴ coordinates Member States's efforts in the fight against organised crime, terrorism and other forms of crime which affect the Union's common interest. It facilitates the collection, analysis and exchange of information. Europol does not hold executive power; all action is conducted in cooperation with the competent national authorities.⁶⁵

European Border and Coast Guard Agency (Frontex) coordinates border control efforts. It facilitates cooperation between border authorities of each Member State and provides technical support, expertise and training. Frontex also coordinates joint operations and rapid response at EU's external borders in case of emergency.⁶⁶ Frontex has its headquarters in Warsaw, Poland.⁶⁷

The European Union has a large number of agencies and bodies. In this section, we looked at 7 main decision-making institutions and a few other, in order to glance at the depth of the integration process.

⁶² European Union, 'European Investment Bank (EIB)', Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/european-investment-bank_en.

⁶³ European Union, 'European Ombudsman', Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/institutions-bodies/european-ombudsman_en.

⁶⁴ European Union, 'European Union Agency for Law Enforcement Cooperation (Europol)', Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/agencies/europol_en.

⁶⁵ Article 88, European Union Member States, 'Treaty on the Functioning of the European Union', Pub. L. No. C 326, 01 (1958), https://eur-lex.europa.eu/eli/treaty/tfeu_2012/oj.

⁶⁶ European Union, 'European Border and Coast Guard Agency (Frontex)', Text, European Union, 16 June 2016, https://europa.eu/european-union/about-eu/agencies/frontex_en.

⁶⁷ Frontex, 'Contact', Frontex, accessed 16 May 2021, <https://frontex.europa.eu/media-centre/contact/>.

1.3 Relationship with developing countries

The EU conducts a common policy in areas of development cooperation and humanitarian aid that adds to those of the individual Member States.⁶⁸ The Official Development Assistance (as defined by OECD) provided by the European Commission and Investment Bank reached 17 billion euros in 2020. Together with the Member States, this amounted to a total of 66.8 billion euros.⁶⁹

External actions of the EU are guided by the same principles that inspired its own creation. Those include: support for democracy, good governance, rule of law, the respect of human rights and fundamental freedoms, principles of equality and solidarity, etc. The EU's development policy promotes these values and sets objectives in areas of economic and social development, as well as the protection of environment of developing countries. Its first priority is, however, the reduction and eradication of poverty.⁷⁰ The EU vows to honour its commitments made in context of the United Nations and other international organisations.⁷¹

The big aspect of EU's relationship with developing countries is based on trade, considering the size and importance of its market. Given the colonial history of certain Member States, the issue of defining the relationship with the colonial territories and new emerging countries dates back to the Treaty of Rome that officially established the European Economic Community on 1st January 1958.⁷²

Today, the European Union's relationship with developing countries is defined by:

The Cotonou Partnership Agreement

Signed in 2000, this agreement regulates EU's relations with 79 African, Caribbean and Pacific countries.⁷³ It provides a framework for negotiation of development-oriented **Economic Partnership Agreements (EPA)**, which allow for asymmetric trade liberalisation in favour of mentioned states. EPAs not only provide them with

⁶⁸ Article 4 European Union Member States, 'Treaty on the Functioning of the European Union', Pub. L. No. C 326, 01 (1958), https://eur-lex.europa.eu/eli/treaty/tfeu_2012/oj.

⁶⁹ European Commission, 'Preliminary Figures on 2020 Official Development Assistance', 13 April 2021, https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_1704.

⁷⁰ Article 21 European Union Member States, 'Treaty on European Union', Pub. L. No. OJ C 191, 01 (1992), <https://eur-lex.europa.eu/eli/treaty/teu/sign>.

⁷¹ Article 258 European Union Member States, 'Treaty on the Functioning of the European Union', Pub. L. No. C 326, 01 (1958), https://eur-lex.europa.eu/eli/treaty/tfeu_2012/oj.

⁷² European Union Member States, 'Treaty establishing the European Economic Community' (1958), <http://data.europa.eu/eli/treaty/teec/sign>.

⁷³ European Union, 'Partnership Agreement 2000/483/EC — between ACP Countries and the EU', OJ L 317 §, accessed 1 June 2021, [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02000A1215\(01\)-20180531](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02000A1215(01)-20180531).

tariff-free access to the EU market, but also give them further tools and assistance to raise their competitiveness in the global market. EPAs represent a progressive move from aid towards other engines of growth, such as investment and trade.⁷⁴

The Cotonou Partnership Agreement will soon be replaced by the new EU-Africa-Caribbean-Pacific Partnership Agreement, negotiations for which have been concluded and is currently awaiting signature.⁷⁵

Association Agreements

Association Agreements imply policy coherence on a number of key issues, and include partial or full liberalisation of trade between parties.⁷⁶ This type of agreement will be explored on the example of EU-Serbia Stabilization and Association Agreement.

Trade with other developing countries is characterised by unilateral system of preferences described below.

1.3.1 European Union's Generalised Scheme of Preferences

The European Union employs unilateral tariff preferences (GSP) for countries in development and least developed countries. Certain countries can benefit from the preferences under a special incentive, considering EU focus on sustainable development and good governance. 3 categories of beneficiaries are defined, Standard GSP, GSP+, Everything but Arms (EBA).

Standard GSP beneficiary countries (Table 2) enjoy duty-free access to the EU market for all but the most sensitive products (those benefit from tariff reductions). Among those are some forms of minerals, metals, tobacco, etc. Countries graduate from this category upon attaining and holding the World Bank upper-middle-income classification for 3 consecutive years.⁷⁷ They are afterwards subject to separate agreements, including, but not limited to Economic Partnership Agreements (EPA).

⁷⁴ European Union, 'Regulation (EU) 2016/1076 – Arrangements for Products Originating in Certain ACP States' (2016), <https://eur-lex.europa.eu/eli/reg/2016/1076/2020-08-20>.

⁷⁵ European Commission, 'Post-Cotonou Negotiations on New EU/Africa-Caribbean-Pacific Partnership Agreement Concluded', 15 April 2021, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_1552.

⁷⁶ European Commission, 'EU Negotiations and Agreements', 22 January 2021, <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements>.

⁷⁷ UNCTAD, 'Generalized System of Preferences HANDBOOK ON THE SCHEME OF THE EUROPEAN UNION', 2015.

Table 2: List of beneficiaries of the Generalised Scheme of Preferences. Data from the Annex II of EU Regulation No 978/2012⁷⁸

Standard GSP		
Congo, Rep.	Cook Islands	India
Indonesia	Kenya	Micronesia
Nigeria	Niue	Syria
Tajikistan	Uzbekistan	Vietnam

GSP+ category is reserved for vulnerable countries working to implement international conventions related to human rights, labour rights, protection of the environment and good governance.⁷⁹ Beneficiaries are listed in Table 3.

Table 3: List of beneficiaries of the GSP+. Data from the Annex III of EU Regulation No 978/2012⁸⁰

GSP+		
Armenia	Bolivia	Cape Verde
Kyrgyzstan	Mongolia	Pakistan
Philippines	Sri Lanka	Uzbekistan

Everything but Arms tariff preferences are granted to the least developed countries (LDC), providing those vulnerable countries with duty-free access to the EU market for all goods except arms and ammunition.⁸¹

⁷⁸ Annex II European Parliament, 'Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 Applying a Scheme of Generalised Tariff Preferences and Repealing Council Regulation (EC) No 732/2008', Pub. L. No. 32012R0978, 303 OJ L (2012), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02012R0978-20210410>.

⁷⁹ UNCTAD, 'Generalized System of Preferences HANDBOOK ON THE SCHEME OF THE EUROPEAN UNION', 2015.

⁸⁰ Annex III European Parliament, 'Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 Applying a Scheme of Generalised Tariff Preferences and Repealing Council Regulation (EC) No 732/2008', Pub. L. No. 32012R0978, 303 OJ L (2012), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02012R0978-20210410>.

⁸¹ Article 2 European Parliament.

Table 4: List of beneficiaries of the Everything but Arms trade concessions. Data from the Annex IV of EU Regulation No 978/2012⁸²

Everything but Arms				
Afghanistan	Comoros	Laos	Niger	Timor-Leste
Angola	DRC Congo	Lesotho	Rwanda	Togo
Bangladesh	Djibouti	Liberia	Sao Tome and	Tuvalu
Benin	Eritrea	Madagascar	Senegal	Uganda
Bhutan	Ethiopia	Malawi	Sierra Leone	Vanuatu*
Burkina Faso	Gambia	Mali	Solomon Islands	Yemen
Burundi	Guinea	Mauritania	Somalia	Zambia
Cambodia	Guinea-Bissau	Mozambique	South Sudan	
Central African	Haiti	Myanmar	Sudan	
Chad	Kiribati	Nepal	Tanzania	
*Vanuatu graduated from LDC category in 2020, remains a beneficiary as of June 2021.				
*Cambodia is subject to exceptions				

1.3.2 The EU–Serbia Stabilization and Association Agreement

Before 2009, Serbia’s trade with the EU was subject to EU’s unilateral concessions and tariff liberalisation, with goals to support Serbia’s efforts in transforming into market economy. Today, the relations are subject to the Stabilization and Association Agreement (SAA), signed in Luxembourg on 28th April 2008, and officially in force since 1st September 2013.⁸³

The Interim Agreement on trade matters was signed on the same day, and although the EU decided not to implement it right away, Serbia began the implementation unilaterally on 1st January 2009, abolishing some customs tariffs immediately and gradually reducing others. On 22nd December 2009, it applied for EU membership.⁸⁴

⁸² Annex IV European Parliament.

⁸³ EU Delegacija u Srbiji, ‘Liberalizacija trgovine između Srbije i EU’, accessed 5 June 2021, <https://europa.rs/srbija-i-evropska-unija/trgovina/>.

⁸⁴ Министарство за европске интеграције, Република Србија, ‘Историјат односа Србије и ЕУ’, accessed 5 June 2021, <https://www.mei.gov.rs//srp/srbija-i-eu/istorijat-odnosa-srbije-i-eu/>.

Starting from 1st February 2010, EU officially opened up its market for almost all Serbian goods with the exception of live animals, cattle meat, sugar and wine.⁸⁵ Quotas for fishery products are in place for trout and carp, 15 and 60 tonnes respectively. Over the given quota, 70% of Most Favoured Nation tariff is applied.⁸⁶

By 2014, Serbia has gradually reduced customs tariffs for all goods coming from the EU, with the exception of the most sensitive agricultural products, which are to remain protected until its official accession to the Union. These include meat, wheat, maize, cereals, pasta, dairy products, margarine, honey, certain vegetables and live animals, etc.⁸⁷ Tariffs for these products are subject to the Most Favoured Nation tariff regime according to Serbia's customs rates. This asymmetry was intentional, in order to gradually prepare Serbian producers for the rising competition.⁸⁸

In the last 5 years (2016-2020), Serbia's total export value amounted to the average of 18,05 billion US dollars. Exports to the EU market averaged at 12 billion, thus comprising 66.4% of total export value.

⁸⁵ Article 26 EU Member States and Republic of Serbia, 'STABILISATION AND ASSOCIATION AGREEMENT between the European Communities and Their Member States of the One Part, and the Republic of Serbia, of the Other Part', OJ L 278 § (2013), [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013A1018\(01\)-20150201](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013A1018(01)-20150201).

⁸⁶ Annex IV EU Member States and Republic of Serbia.

⁸⁷ Annex III EU Member States and Republic of Serbia.

⁸⁸ EU Delegacija u Srbiji, 'Liberalizacija trgovine između Srbije i EU', accessed 5 June 2021, <https://europa.rs/srbija-i-evropska-unija/trgovina/>.

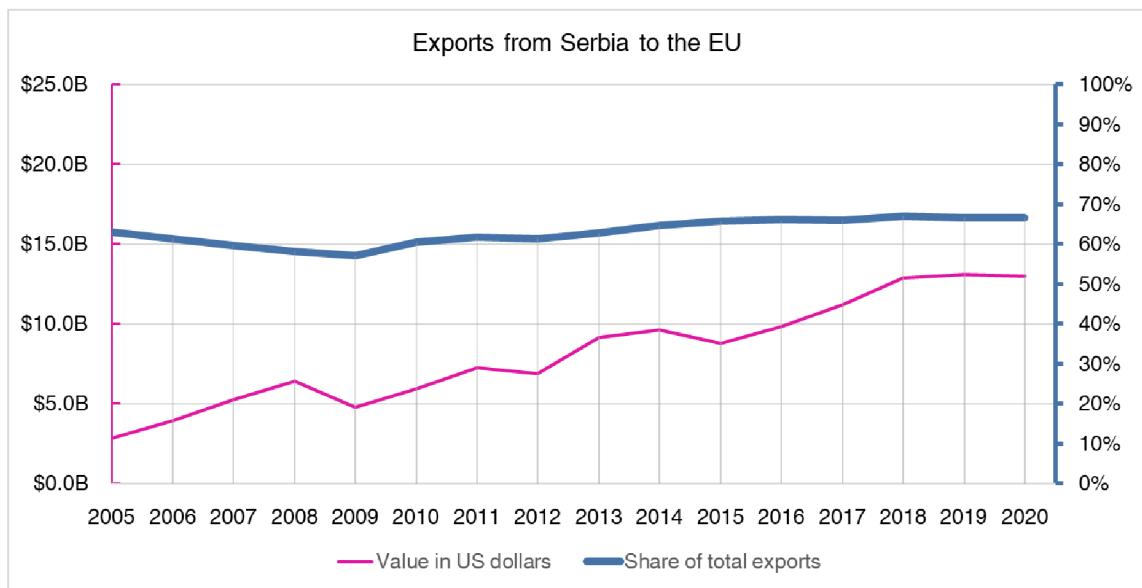


Figure 1: Value and share of Serbian exports to EU countries in 2005-2020 period. For purposes of comparison, trade with 28 member states is considered across the whole period. Data from Statistical Office of the Republic of Serbia.⁸⁹

“Machinery and transport equipment” section takes up the largest share in the structure of Serbia's total exports, followed by the various manufactured products (including rubber tires, products made of copper, iron, alloy, aluminium, wood, textile, etc.), food and live animals, various other manufactures, chemicals and medicaments, etc, as shown in Figure 2.

⁸⁹ Statistical Office of the Republic of Serbia, ‘Exports and Imports’, External Trade of Goods, 2021, <https://data.stat.gov.rs/Home/Result/170301?languageCode=en-US>.

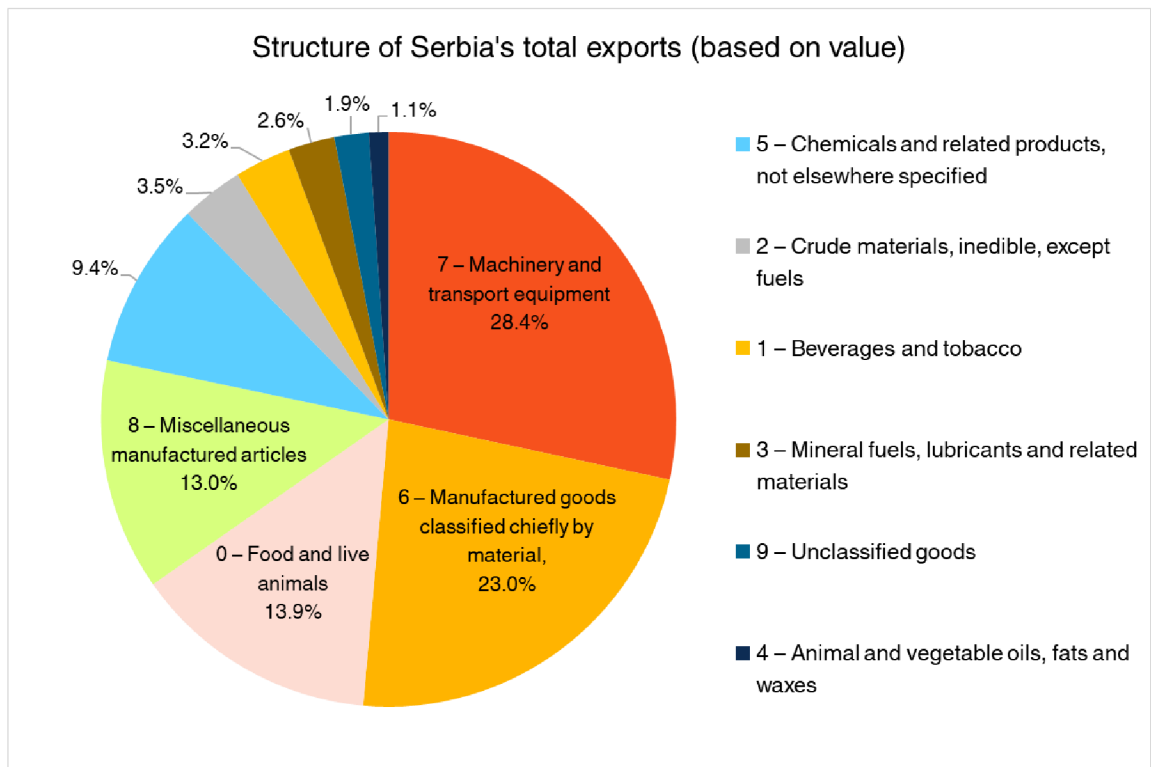


Figure 2: Structure of Serbia's total exports based on their value in US dollars. 5-year averages (2016-2020), sections according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.⁹⁰

⁹⁰ Statistical Office of the Republic of Serbia.

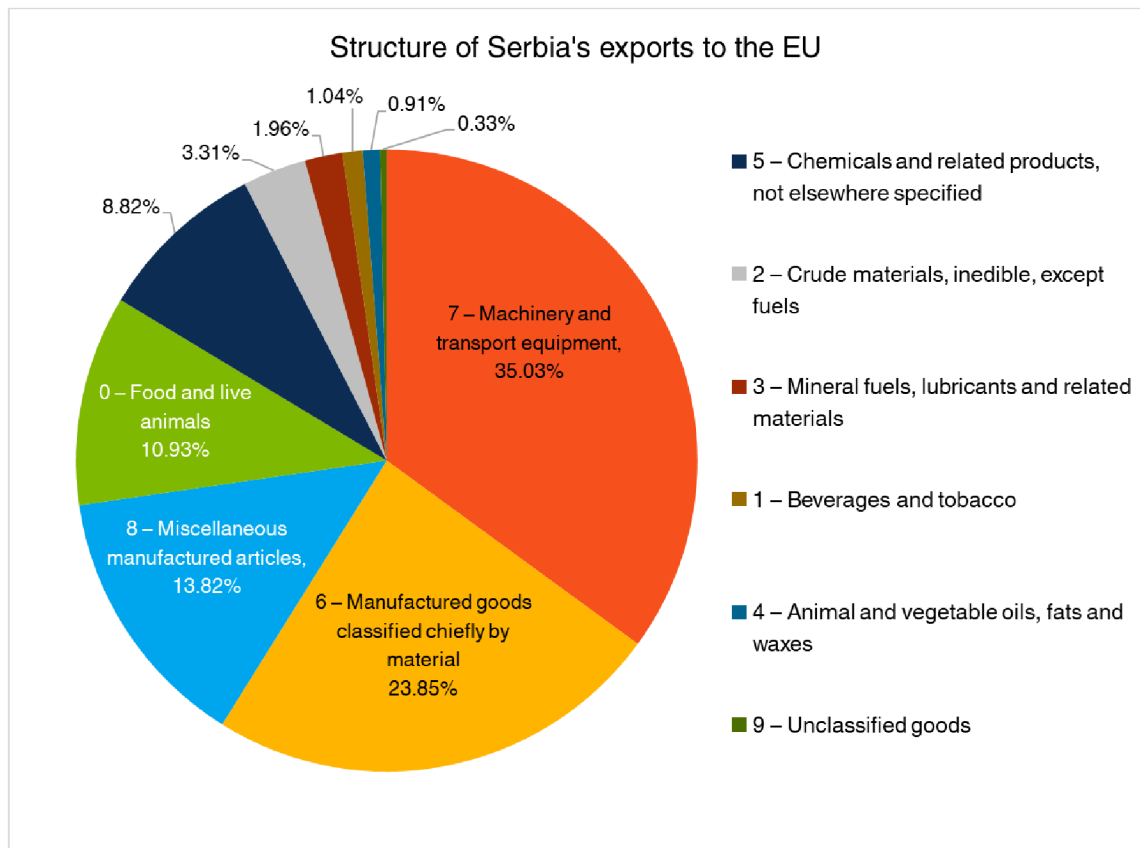


Figure 3: Structure of Serbia's exports to EU market. Based on value in US dollars and 5-year averages (2016-2020), sections according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.⁹¹

“Machinery and transport equipment” section also takes up the largest share of Serbia’s exports to the EU. The EU is also the main destination for this category of exports, having the share of 81.6%, based on dollar value. This includes a range of industrial machinery, motor and railway vehicles, engines, boats, etc. The EU presents an important destination for a range of Serbian manufactures, both for end use and further processing, as seen in Table 5. It’s market is thus of crucial importance for Serbian industrial sector. Main trading partners inside the EU are Germany and Italy, with 18.7% and 12% of all EU exports respectively, followed by Romania (9.5%), Hungary (6.9%), Czech Republic (5.4%), Croatia (4.9%), Bulgaria (4.64%)...

⁹¹ Statistical Office of the Republic of Serbia.

Table 5: Product sections in which exports to the EU market present a large share of Serbia's total exports in the section. Based on 5-year averages (2016-2020), values in US dollars, categories according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.⁹²

Serbia's exports to EU market		
Product	Value of exports	Share of total exports in the category
7 – Machinery and transport equipment	\$4,182,407,900	81.7%
including electricity equipment, motor cars and engines, railway vehicles, boats, industrial machinery		
8 – Miscellaneous manufactured articles	\$1,649,731,060	70.1%
including furniture, clothing, footwear		
6 – Manufactured goods classified chiefly by material	\$2,847,844,520	68.5%
including, textile fabrics, leather, rubber tyres, lead, copper, products of iron and steel		
2 – Crude materials, inedible, except fuels	\$394,596,020	62.4%
including, oil seeds, metal ores, wood		
5 – Chemicals and related products, n.e.s	\$1,052,460,080	62.0%
including, alcohols, hydrocarbons, plastics manufactures, soaps, medicaments		
4 – Animal and vegetable oils, fats and waxes	\$108,985,380	54.9%
0 – Food and live animals	\$1,305,096,100	52.2%
including, maize, fruit, sugars, wheat, milk		
*n.e.s – not elsewhere specified		

⁹² Statistical Office of the Republic of Serbia.

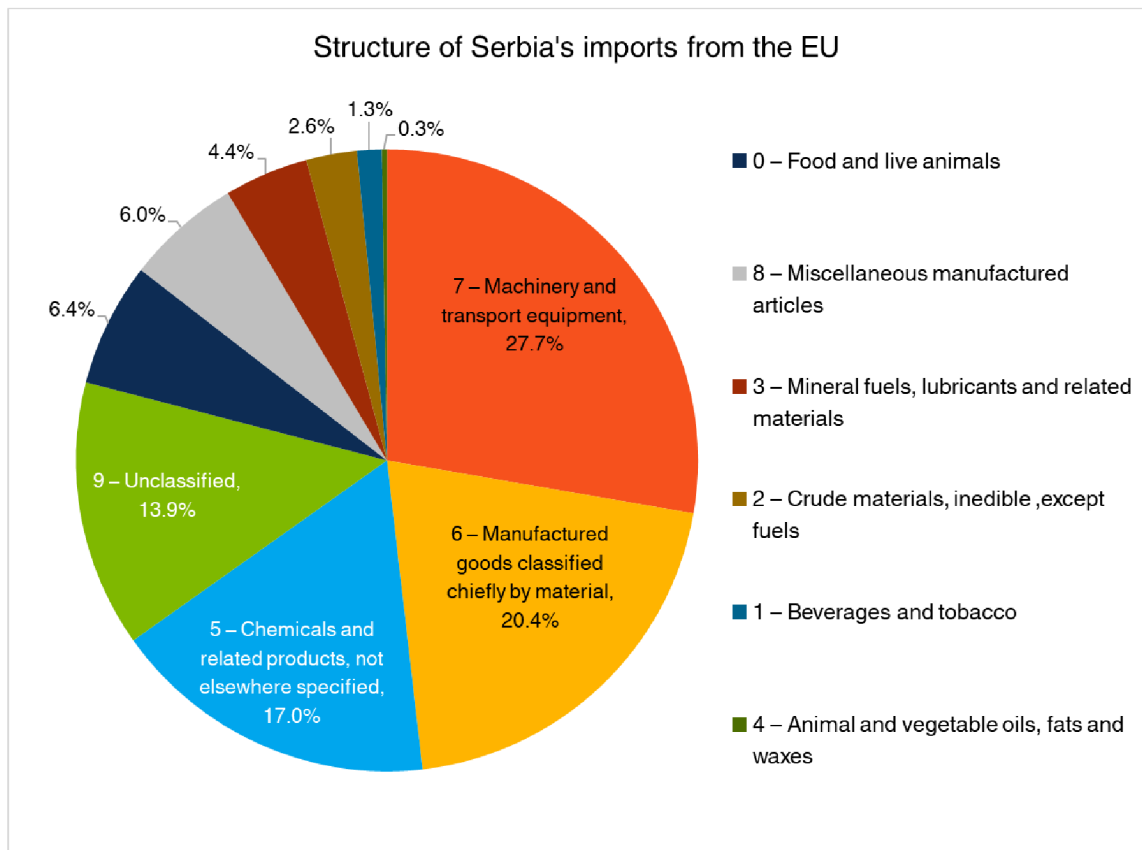


Figure 4: Structure of Serbia's imports from the EU. Based on value in US dollars and 5-year averages (2016-2020), sections according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.⁹³

Imports from the EU market make up 60 % of Serbia's total imports value of \$23,9 billion (5-year average). Those present a wide selection of industrial outputs and finished products as shown in Figure 4. Table 6 lists product sections in which EU has import dominance. Among those are food, beverages, pharmaceuticals, and a variety of other manufactures.

⁹³ Statistical Office of the Republic of Serbia.

Table 6: Product sections in which imports from the EU present a large share of Serbia's total imports in the section. Based on 5-year averages (2016-2020), values in US dollars, categories according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.⁹⁴

Serbia's imports from the EU		
Product	Value of imports	Share of total imports in the category
5 – Chemicals and related products, not elsewhere	\$2,450,948,840	71.4%
including medicaments, medical products, soaps, perfumery, fertilizers		
6 – Manufactured goods classified chiefly by material	\$2,947,397,740	66.4%
including paper, aluminium, copper, metals, textile fabrics, leather, iron, steel, glass		
4 – Animal and vegetable oils, fats and waxes	\$38,270,020	65.8%
0 – Food and live animals	\$929,327,260	65.1%
including meat, animal food, fruits, vegetables, cereals, dairy products, chocolate, live animals, sugars, fish, maize		
*n.e.s – not elsewhere specified		

The Agreement specifies rules of origin under which goods are considered to be made in Serbia or the EU, including the concept of “cumulation”, when goods are being processed in multiple countries. Strict rules are defined on the possible use of anti-dumping measures (for cases of serious injury to the domestic industry or sector leading to serious worsening of economic situation due to excessive imports).

Trade is only one aspect of this agreement, Serbia has obliged itself to adopt the EU Combined Nomenclature in the classification of goods, appropriate its customs legislation to that of the Union, as well as apply rules in areas of protection and enforcement intellectual, industrial and commercial property rights, regulation of state monopolies, public procurement, elimination of discrimination and assuring healthy business competition.⁹⁵ Therefore, the **Stabilization and Association Agreement** is more than a trade agreement, it is a complex set of principles to advance Serbia-EU relations and harmonise Serbia’s legislation, standards and practices to those of the Union. To date, Serbia has opened 18 negotiation chapters with the EU, the integral steps in its accession aspirations.⁹⁶

⁹⁴ Statistical Office of the Republic of Serbia.

⁹⁵ EU Member States and Republic of Serbia, ‘STABILISATION AND ASSOCIATION AGREEMENT between the European Communities and Their Member States of the One Part, and the Republic of Serbia, of the Other Part’, OJ L 278 § (2013), [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013A1018\(01\)-20150201](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013A1018(01)-20150201).

⁹⁶ European Commission, ‘Serbia | European Neighbourhood Policy And Enlargement Negotiations’, 6 December 2016, https://ec.europa.eu/neighbourhood-enlargement/countries/detailed-country-information/serbia_en.

THE EURASIAN ECONOMIC UNION

2.1 History of Eurasian integration

Following the dissolution of the Soviet Union (USSR), on 8th December 1991, the heads of newly independent states of Russia, Ukraine, and Belarus signed a declaration forming the Commonwealth of Independent States (CIS). They were immediately joined by Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Uzbekistan, following the Alma-Ata Declaration on 21st December 1991. Georgia and Azerbaijan joined CIS in December 1993.⁹⁷

More than integration, these countries sought 'civilised divorce' and the minimization of consequences stemming from the dissolution of the USSR. The Member States had the right to refuse any obligation pertaining to them by their membership.⁹⁸ Furthermore, Turkmenistan and Ukraine never ratified the CIS Charter in their national legislation and therefore were formally considered only as associate members.⁹⁹

The first attempt to form a customs union was in 1995, when Russia, Kazakhstan, and Belarus signed the Customs Union Treaty. The conceived plans, however, remained on paper.¹⁰⁰

On the 26th of February 1999, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan signed the Treaty on the Customs Union and the Single Economic Space, and on 10th October 2000, they established the Eurasian Economic Community (EurAsEC). EurAsEC brought about voting by weighted majority and selective participation in agreements was not possible. Despite these achievements, the Customs Union and the Single Economic Space remained on paper once again.¹⁰¹ EurAsEC did, however, pave the way for future integration.

Due to labour migration between Russia and Kazakhstan and mutual trade and investments, Eurasian Development Bank (EDB) was established by the two countries

⁹⁷ Katarzyna Czerewacz-Filipowicz and Agnieszka Konopelko, *Regional Integration Processes in the Commonwealth of Independent States* (Cham, Switzerland: Springer International Publishing, 2017), <https://doi.org/10.1007/978-3-319-47563-9>.

⁹⁸ Evgeny Vinokurov, 'The History of Eurasian Integration: 1991–2016', in *Introduction to the Eurasian Economic Union*, by Evgeny Vinokurov (Cham: Springer International Publishing, 2018), 1–10, https://doi.org/10.1007/978-3-319-92825-8_1.

⁹⁹ Katarzyna Czerewacz-Filipowicz and Agnieszka Konopelko, *Regional Integration Processes in the Commonwealth of Independent States* (Cham, Switzerland: Springer International Publishing, 2017), <https://doi.org/10.1007/978-3-319-47563-9>.

¹⁰⁰ Evgeny Vinokurov, 'The History of Eurasian Integration: 1991–2016', in *Introduction to the Eurasian Economic Union*, by Evgeny Vinokurov (Cham: Springer International Publishing, 2018), 1–10, https://doi.org/10.1007/978-3-319-92825-8_1.

¹⁰¹ ЕврАзЭС, 'История', Евразийское экономическое сообщество, accessed 28 May 2021, <http://www.evrases.com/about/history>.

in 2006.¹⁰² Armenia and Tajikistan attained membership in 2009, followed by Belarus in 2010 and the Kyrgyzstan in 2011. The Bank has the goal to promote economic ties, growth and trade among members through investment.¹⁰³

On 19th December 2009, EurAsEC members, Russia, Belarus, and Kazakhstan deepened their integration and agreed on the establishment of the Customs Union.¹⁰⁴ On 1 January 2010, the Common Customs Tariff officially took effect and Single Economic Space Agreement followed in 2012.¹⁰⁵

Extending integration further, the presidents of the three countries signed the Eurasian Economic Union Treaty on 29th May 2014 which, at the start of 2015, formed this organisation officially. Armenia joined immediately and Kyrgyzstan shortly after, in August 2015.¹⁰⁶ The Eurasian Economic Union (EAEU) was intended to replace Eurasian Economic Community (EurAsEC) and the latter was dissolved.¹⁰⁷

Meanwhile, on 18th October 2011 in St. Petersburg, all CIS members except Azerbaijan (and Georgia, which left CIS in 2009) signed the CIS Free Trade Agreement (CISFTA),¹⁰⁸ which came in force on 20th September 2012.¹⁰⁹ CIS and CISFTA still operate today, in parallel with the EAEU. Ukraine and Russia however, do not apply the terms of CISFTA vis-à-vis one another since the 1st of January 2016.¹¹⁰

¹⁰² Evgeny Vinokurov, 'The History of Eurasian Integration: 1991–2016', in *Introduction to the Eurasian Economic Union*, by Evgeny Vinokurov (Cham: Springer International Publishing, 2018), 1–10, https://doi.org/10.1007/978-3-319-92825-8_1.

¹⁰³ Eurasian Development Bank, 'Bank Profile', Eurasian Development Bank, accessed 28 May 2021, <https://eabr.org/en/about/>.

¹⁰⁴ Лихачев Алексей Евгеньевич, 'Таможенный Союз России, Белоруссии и Казахстана: История, Современный Этап и Перспективы Развития', *Российский Внешнеэкономический Вестник*, no. 6 (2010): 4–23.

¹⁰⁵ D. G Maslov, V. I U'Eliseeva, and A. E Duplin, *Государственное регулирование внешней торговли в условиях Таможенного Союза: (Россия, Белоруссия и Казахстан) : учебное пособие*, 2015.

¹⁰⁶ Евразийский экономический союз, 'Хронология Развития', Евразийский экономический союз, accessed 28 May 2021, <http://www.eaeunion.org/#about-history>.

¹⁰⁷ Евразийское Экономическое Сообщество, 'Заседание Межгосударственного Совета ЕврАзЭС', 10 October 2014, <http://www.evrases.com/news/view/958>.

¹⁰⁸ CIS Member States, 'CIS Free Trade Agreement' (2011), <https://cis.minsk.by/page/13922>.

¹⁰⁹ BBC Україна, 'Новини російською - Договір о зоні вільної торгівлі в рамках СНГ вступив в силу' (British Broadcasting Corporation), accessed 28 May 2021, https://www.bbc.com/ukrainian/ukraine_in_russian/2012/09/120920_ru_s_cis_free_trade.

¹¹⁰ BBC News Русская служба, 'Дума приостановила действие договора о свободной торговле с Украиной', 22 December 2015, https://www.bbc.com/russian/news/2015/12/151222_russia_ukraine_trade.

Table 7: The Member States of the Eurasian Economic Union

Eurasian Economic Union	
<i>Year joined</i>	<i>Member States</i>
2015	Armenia
	Belarus
	Kazakhstan
	Kyrgyzstan
	Russia

2.2 Institutions of the Eurasian Economic Union

The Eurasian Economic Union has 4 institutional bodies: the Supreme Eurasian Economic Council (SEEC), Eurasian Intergovernmental Council, Eurasian Economic Commission (EEC), and the Court of the Eurasian Economic Union.

2.2.1 Supreme Eurasian Economic Council

The Supreme Council (SEEC) gathers together the heads of state (Presidents) of the Member States at least once a year to discuss and determine overall direction of the integration process, as well as to review fundamental issues. The Commission (EEC) prepares the agenda for SEEC's meetings based on proposals from the Member States.¹¹¹

SEEC sets forth strategies for development of the Union, and decides how to implement them. Furthermore, it appoints members of other EAEU bodies and approves the Union's budget.¹¹²

Decisions are made by consensus.¹¹³ The Member States have to apply the decisions in accordance with their national legislation as they do not take precedence over national laws. SEEC's decisions take priority over the decisions of other EAEU bodies.¹¹⁴

The Chairmanship of the Council rotates annually in alphabetical order of the Member States' official names.¹¹⁵

2.2.2 Eurasian Intergovernmental Council

The Eurasian Intergovernmental Council joins heads of government (Prime Ministers) of Member States.¹¹⁶ Organised in the same way as the SEEC, meetings are

¹¹¹ Evgeny Vinokurov, 'EAEU Institutions', in *Introduction to the Eurasian Economic Union*, by Evgeny Vinokurov (Cham: Springer International Publishing, 2018), 33–66, https://doi.org/10.1007/978-3-319-92825-8_3.

¹¹² Section III, Article 12 Eurasian Economic Union, 'Treaty on the Eurasian Economic Union', § EAEU Treaty on international agreements and within the EAEU (2014), https://docs.eaeunion.org/docs/en-us/0003610/itia_05062014.

¹¹³ Section III, Article 13 Eurasian Economic Union.

¹¹⁴ Section II, Article 6 Eurasian Economic Union.

¹¹⁵ Evgeny Vinokurov, 'EAEU Institutions', in *Introduction to the Eurasian Economic Union*, by Evgeny Vinokurov (Cham: Springer International Publishing, 2018), 33–66, https://doi.org/10.1007/978-3-319-92825-8_3.

¹¹⁶ Section III, Article 14 Eurasian Economic Union, 'Treaty on the Eurasian Economic Union', § EAEU Treaty on international agreements and within the EAEU (2014), https://docs.eaeunion.org/docs/en-us/0003610/itia_05062014.

held at least twice a year and agenda is prepared by the Commission (EEC).¹¹⁷ Decisions are made by consensus.¹¹⁸

The Intergovernmental Council ensures implementation of the EAEU Treaty, international treaties within the Union and decisions of the Supreme Council, decides on issues which the Commission did not reach an agreement on and approves drafts of the Union's budget. It also issues instructions to the Commission and can overturn its decisions.¹¹⁹

2.2.3 Eurasian Economic Commission

Eurasian Economic Commission (EEC) is the supranational body of the Eurasian Economic Union. Comprised of the Council and the Board, the Commission enables the functioning of the Union by developing Union's policies and monitoring their application. As a part of its activities, the Commission adopts decisions and issues recommendations. The adopted decisions are binding on the Member States.¹²⁰

The Council of the Commission is composed of the Deputy Heads of Government from each of the 5 Member States. By overseeing the activities of the Board, it carries out general management and regulation of integration processes in the Union. The Council reaches decisions by consensus.¹²¹

The Board of the Commission represents the executive body of the Commission and the Union as a whole. The members of the Board (ministers) are appointed by the Supreme Council and serve 4-year terms with a possible prolongation. Although appointed from Member States on the basis of equal representation, the members of the Board are obliged to act independently from national interests and shall not receive instructions from governments of the Member States.¹²² The Board decides by qualified majority (two-thirds of the votes). The sensitive issues, as defined by the Supreme Council are, however, resolved by consensus.¹²³

¹¹⁷ Section III, Article 15 Eurasian Economic Union.

¹¹⁸ Section III, Article 17 Eurasian Economic Union.

¹¹⁹ Section III, Article 16 Eurasian Economic Union.

¹²⁰ Evgeny Vinokurov, 'EAEU Institutions', in *Introduction to the Eurasian Economic Union*, by Evgeny Vinokurov (Cham: Springer International Publishing, 2018), 33–66, https://doi.org/10.1007/978-3-319-92825-8_3.

¹²¹ Article 2 Eurasian Economic Union, 'ANNEX 1 to the Treaty on the Eurasian Economic Union: REGULATION on the Eurasian Economic Commission', § EAEU Treaty on international agreements and within the EAEU (2014), https://docs.eaeunion.org/docs/en-us/0003610/itia_05062014.

¹²² Article 3 Eurasian Economic Union.

¹²³ Article 18 Eurasian Economic Union, 'Treaty on the Eurasian Economic Union', § EAEU Treaty on international agreements and within the EAEU (2014), https://docs.eaeunion.org/docs/en-us/0003610/itia_05062014.

The Board currently consists of 10 ministers, 2 from each member state. The Chairman of the Board is appointed on rotational basis by the Supreme Council for a non-renewable 4-year term. Each minister oversees 2-3 Departments.¹²⁴

¹²⁴ Eurasian Economic Commission, 'About the Eurasian Economic Commission', accessed 29 May 2021, <http://www.eurasiancommission.org/en/Pages/about.aspx>.

As of May 2021, the Commission operates 23 Departments¹²⁵:

- Organizational Support and Protocol Department
- Finance Department
- Legal Department
- Administrative Department
- Department for Macroeconomic Policy
- Statistics Department
- Department for Integration Advancement
- Department for Financial Policy
- Department for Entrepreneurial Development
- Department for Agricultural Policy
- Department for Customs Tariff and Non-Tariff Regulation
- Department for Internal Market Defence
- Department for Trade Policy
- Department for Technical Regulation and Accreditation
- Department for Sanitary, Phytosanitary, and Veterinary Measures
- Department of Customs legislation and law enforcement practice
- Department for Customs Infrastructure
- Department for Transport and Infrastructure
- Energy Department
- Department for Antitrust Regulation
- Department for Competition and Public Procurement Policy
- IT Department
- Domestic Markets Operation Department

2.2.4 Court of the Eurasian Economic Union

The Court of the Eurasian Economic Union ensures that the EAEU Treaty, international treaties within the Union and the decisions of the Union's bodies are properly applied by the Member States and the EAEU bodies.¹²⁶

The Court consists of 2 judges from each Member State, appointed by the Supreme Council for a 9-year period. The judges elect the Chairman and the Deputy Chairman of the Court which are subsequently approved by the Supreme Council. They both serve a 3-year term and have to originate from two different Member States, different

¹²⁵ Eurasian Economic Commission, 'Structure of the Commission', Eurasian economic commission, accessed 29 May 2021, <http://www.eurasiancommission.org/en/Pages/structure.aspx>.

¹²⁶ Section I Eurasian Economic Union, 'ANNEX 2 to the Treaty on the Eurasian Economic Union: STATUTE of the Court of the Eurasian Economic Union', § EAEU Treaty on international agreements and within the EAEU (2014), https://docs.eaeunion.org/docs/en-us/0003610/itia_05062014.

from those represented by the former Chairman and the Deputy Chairman respectively.¹²⁷

The Court shall, at the request of a Member State, decide:¹²⁸

on compliance of an international treaty within the Union with the EAEU Treaty;

whether a particular Member State complies with its obligations under EAEU law, including the EAEU Treaty, international treaties within the Union, as well as decisions of the EAEU bodies;

whether the decision of the Commission (EEC) is in compliance with the EAEU Treaty, international treaties within the Union and the decisions of other EAEU bodies;

whether an action or inaction of the Commission (EEC) on the particular issue is justified under the EAEU law.

Furthermore, the Court can, at the request of a business entity based in the Union, decide:¹²⁹

whether an EEC decision, that is directly impacting the particular business entity, is in compliance with the EAEU Treaty, international treaties within the Union and the decisions of other EAEU bodies; and whether such decision infringes on the rights and legitimate interests of the entity as envisaged by the EAEU Treaty and international treaties within the Union;

whether an action or inaction of the Commission (EEC) on the particular issue infringes on the rights and legitimate interests of the entity as envisaged by the EAEU Treaty and international treaties within the Union.

The Court also provides advisory opinion and clarifies EAEU law at the request of Member States and officials of the Union's bodies.¹³⁰

During procedures, the Court however, faces with the issue that the national laws can have priority over the EAEU law in the Member States' legislatures.¹³¹ The Court of the Eurasian Economic Union presides in Minsk, Belarus.

¹²⁷ Section II Eurasian Economic Union.

¹²⁸ Section IV Eurasian Economic Union.

¹²⁹ Section IV Eurasian Economic Union.

¹³⁰ Evgeny Vinokurov, 'EAEU Institutions', in *Introduction to the Eurasian Economic Union*, by Evgeny Vinokurov (Cham: Springer International Publishing, 2018), 33–66, https://doi.org/10.1007/978-3-319-92825-8_3.

¹³¹ T. Neshataeva, 'The Court of the Eurasian Economic Union in Action', *Eurasian Law Journal* 9, no. 100 (2016): 11–14.

2.3 Relationship with developing countries

The Eurasian Economic Union's relationship with other countries is defined primarily by the Free Trade Agreements it has concluded with Vietnam, Iran, Singapore, and Serbia. More FTAs are in the process of negotiation, according to press releases,¹³² and the EAEU seems open for new economic partnerships with any party with which it can achieve mutual benefit. However, owing to its young age, EAEU's attention is turned primarily towards advancement of its internal integration processes and raising the living standards of its citizens through stable development and modernisation of Member States' national economies.¹³³

EAEU does not provide development aid on the Union level. These policies are left in the competence of individual member states. The only official EAEU policy specifically referring to developing countries and LDCs is the Common System of Tariff Preferences.

2.3.1 EAEU Common System of Tariff Preferences

Under the Common System of Tariff Preferences, certain countries, as listed in Table 8, have been granted the reduction of customs tariffs to 75% of the Common Customs Rate. The customs rates have been completely abolished for the least developed countries as defined by the United Nations, with an addition of Syria and Palestine (classified according to the UN General Assembly Resolution 43/177).

¹³² Eurasian Economic Commission, 'EAEU Begins Joint Studies on Prospects for Concluding Free Trade Agreements with Mongolia and Indonesia', accessed 1 June 2021, <http://www.eurasiancommission.org/en/nae/news/Pages/15.09.2020-2.aspx>.

¹³³ М. Ахунбаев А. et al., *Евразийская Экономическая Интеграция* (Евразийский банк развития, 2020).

Table 8: List of countries with granted tariff reductions. LDC countries not listed. Data from Eurasian Commission¹³⁴

Algeria	Côte d'Ivoire
Bolivia	Cuba
Vanuatu	Morocco
Venezuela	Marshall Islands
Ghana	Federated States of Micronesia
Honduras	Mongolia
Egypt	Nigeria
Zimbabwe	Nicaragua
Iran	Pakistan
Cape Verde	Papua New Guinea
Cameroon	Moldova
Kenya	Korea
Congo	Sri Lanka
North Korea	El Salvador
	Eswatini

Important thing to note is that the granted preferences are subject to a long list of product **inclusions**, rather than exclusions. Notable non-inclusions are pork meat, tobacco products, wine and beer.¹³⁵

Just until recently, the number of beneficiary countries was larger. 76 countries have been taken off the list in a recent Commission's decision,¹³⁶ due to their GNI per capita surpassing the threshold of 4,045 US dollars (upper threshold of middle-income classification by the World Bank). Since its creation in 2009 (by EAEU's predecessor, Customs Union), the list was hardly updated, and has included countries such as

¹³⁴ Евразийской экономической комиссии, Совет, 'Перечни Стран – Пользователей Единой Системы Тарифных Преференций Евразийского Экономического Союза' (2021), <http://www.eurasiancommission.org/ru/act/trade/dotp/commonSytem/Documents/Forms/AllItems.aspx>.

¹³⁵ Евразийской экономической комиссии, Совет, 'ПЕРЕЧЕНЬ товаров, происходящих из развивающихся стран или из наименее развитых стран, в отношении которых при ввозе на таможенную территорию Евразийского экономического союза предоставляются тарифные преференции', 8 § (2017), <http://www.eurasiancommission.org/ru/act/trade/dotp/commonSytem/Documents/Forms/AllItems.aspx>.

¹³⁶ Евразийская экономическая комиссия, Совет, 'О внесении изменений в Решение Комиссии Таможенного союза от 27 ноября 2009 г. № 130', 17 § (2021), https://docs.eaeunion.org/docs/en-us/01528897/err_12042021_17.

Turkey, Brazil, Argentina, China, South Korea, etc. This presented a situation where the lower income countries were granting tariff preferences to much richer ones.¹³⁷

2.3.2 EAEU-Serbia Free Trade Agreement

The Free Trade Agreement between the Republic of Serbia and the EAEU consolidates Serbia's existing agreements with Russia, Belarus and Kazakhstan, and expands the FTA to Armenia and Kyrgyzstan.¹³⁸

In addition to tariff liberalisation and larger quotas for selected Serbian goods, the agreement specifies technical and sanitary regulations, terms under which protective measures can be applied (serious cases of damage to domestic production, public health and national security) and strict rules of origin to prevent re-exportation. Goods with parts or ingredients of min. 51% of materials made in Serbia qualify for liberalisation of tariffs (criteria of sufficient processing). Serbian goods receive national treatment in EAEU member states, according to WTO rules.¹³⁹

The terms of trade allow Serbian goods to be exported without customs tariffs with the **exceptions** of food products (meat, white sugar, sparkling wine and some types of cheese), ethyl alcohols, products made of cotton, compressors for refrigeration equipment, passenger cars, tractors and used tires. Certain goods are subject to annual **quotas**:¹⁴⁰

- fruit brandies – unlimited;
- other alcoholic beverages – 35,000 litres of pure alcohol (100%);
- tobacco cigarettes – 2,000 tonnes;
- goat's and sheep's cheese – unlimited;
- other cheese – 400 tonnes per year;

When quotas are exceeded, tariffs are applied following the Most Favoured Nation regime.

Serbia, in turn, preserved tariffs for used cars, tractors and tires, while tariff-free imports of white sugar, ethyl alcohols and cigars are granted only to Russian goods (dating back to 2000's Russia-Serbia FTA). Imports of cheese, alcoholic beverages and

¹³⁷ РБК, 'ЕАЭС отказался от тарифных преференций для 76 стран', 5 March 2021, <https://www.rbc.ru/politics/05/03/2021/603e0f409a7947421ef8242b>.

¹³⁸ Влада Републике Србије, 'Брнабић потписала Споразум о слободној трговини са ЕАЕУ', 26 October 2019, <https://www.srbija.gov.rs/vest/421611/brnabic-potpisala-sporazum-o-slobodnoj-trgovini-sa-eaeu.php>.

¹³⁹ Eurasian Economic Union and Republic of Serbia, 'Free Trade Agreement between the Eurasian Economic Union and Its Member States, of the One Part, and the Republic of Serbia, of the Other Part' (2019), <http://www.eurasiancommission.org/en/act/trade/dotp/Pages/FTA-with-Serbia.aspx>.

¹⁴⁰ Annex 1 Eurasian Economic Union and Republic of Serbia.

cigarettes are subject to annual quotas, 400 tonnes, 35, 000 litres of pure alcohol and 2,000 tonnes respectively. But once again, Russian goods form an exception.¹⁴¹

In the last 5 years, Serbia's total export value amounted to the average of 18,05 billion US dollars. Exports to the EAEU market averaged at 1,02 billion, comprising 5.68% of total export value.

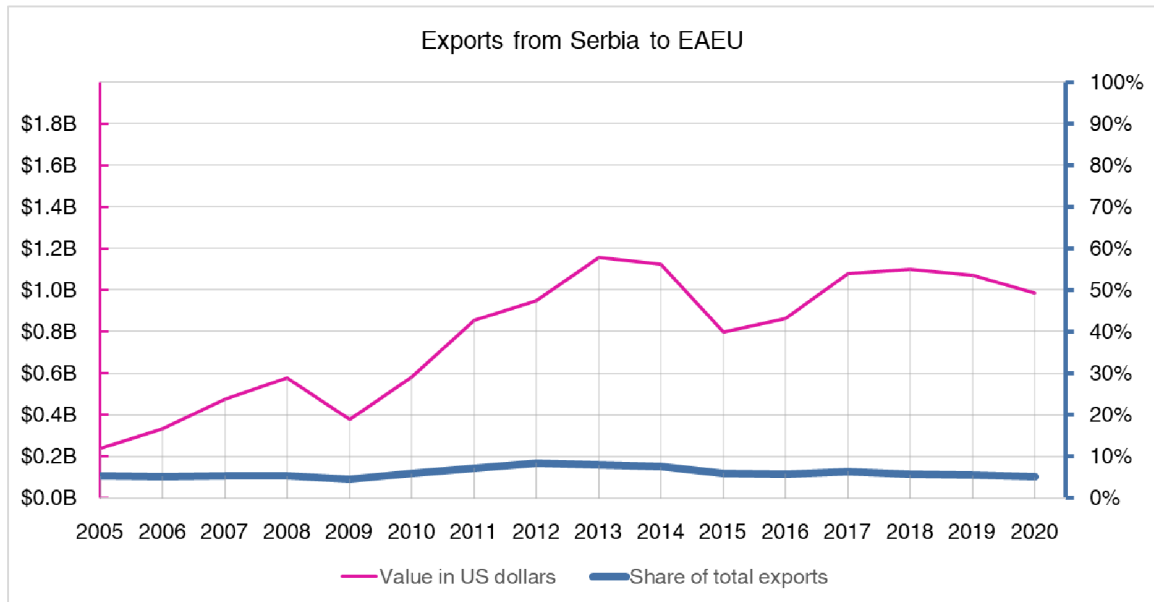


Figure 5: Value and share of Serbian exports to the EAEU countries in 2005-2020 period. For purposes of comparison, trade with all 5 EAEU countries is considered, although the EAEU was officially formed in 2015. Data from Statistical Office of the Republic of Serbia.¹⁴²

Machinery and transport equipment make up the largest section in the structure of Serbia's total exports, followed by the various manufactured products (including rubber tires, products made of copper, iron, alloy, aluminium, wood, textile, etc.), food and live animals, various other manufactures, chemicals and medicaments, etc.

¹⁴¹ Annex 1 Eurasian Economic Union and Republic of Serbia.

¹⁴² Statistical Office of the Republic of Serbia, 'Exports and Imports', External Trade of Goods, 2021, <https://data.stat.gov.rs/Home/Result/170301?languageCode=en-US>.

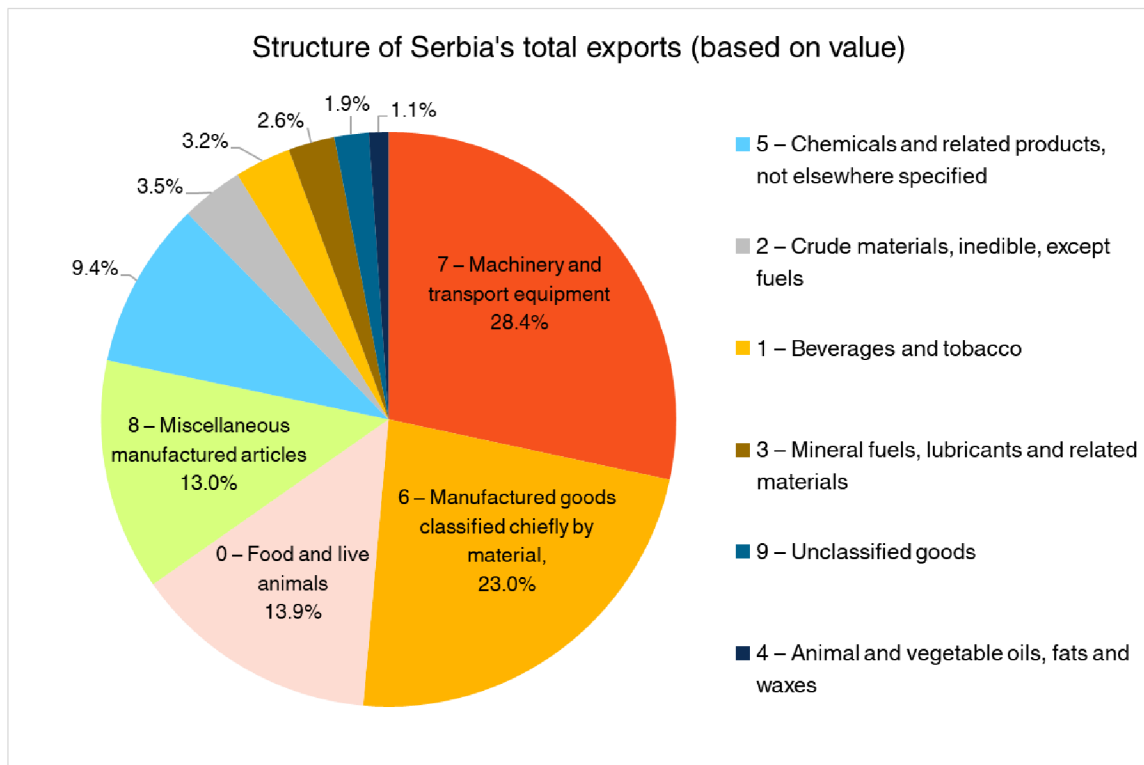


Figure 6: Structure of Serbia's total exports based on their value in US dollars. 5-year averages (2016-2020), sections according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.¹⁴³

Only about 2.6% of Serbia's largest export section (Machinery and transport equipment) is exported to the EAEU. Food and live animals section has the biggest share of EAEU exports – 12.3%. If we look closely, however, we can identify product categories within these sections for which the EAEU market is important (Table 9). It is of crucial importance for Serbia's food exports of fruit and cheese, where it presents about 70% of all exports, as well as for various categories of mechanical and chemical manufacturing.

¹⁴³ Statistical Office of the Republic of Serbia.

Table 9: List of product categories in which exports to the EAEU market present large shares of Serbia's total exports of the product. Based on 5-year averages (2016-2020), values in US dollars, categories according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.¹⁴⁴

Serbia's exports to EAEU market		
Product	Value of exports	Share of total exports in the category
057 – Fruit and nuts (not including oil nuts), fresh or dried	\$178,823,280	72.32%
024 – Cheese and curd	\$32,267,080	68.40%
731 – Machine-tools working by removing metal or other material	\$5,503,040	49.10%
574 – Polyacetals, other polyethers and epoxide resins in primary forms	\$9,093,200	47.94%
846 – Clothing accessories of textile fabrics	\$100,798,040	39.40%
633 – Cork manufactures	\$101,300	38.48%
718 – Other power generating machinery and parts thereof, n.e.s.	\$4,087,140	32.08%
744 – Mechanical handling equipment, and parts thereof, n.e.s.	\$15,611,900	29.28%
292 – Crude vegetable materials, n.e.s.	\$12,095,540	28.30%
542 – Medicaments (including veterinary medicaments)	\$66,646,560	25.39%

¹⁴⁴ Statistical Office of the Republic of Serbia.

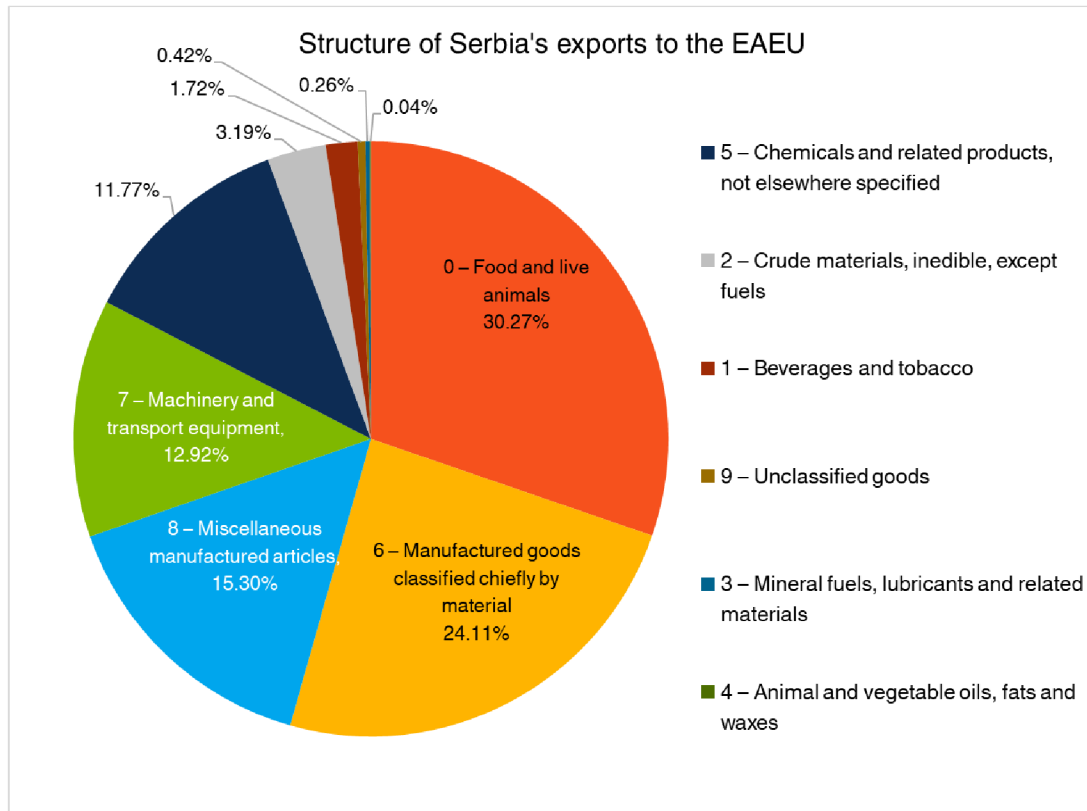


Figure 7: Structure of Serbia's exports to the EAEU market. Based on value in US dollars and 5-year averages (2016-2020), sections according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.¹⁴⁵

Imports from the EAEU make up just 8.6% of Serbia's total imports value, but all of its natural gas imports come from Russia, 70% of those of coal and about half of petroleum oil and fertilizer imports. 47% of all copper ore imports originate in Armenia.

¹⁴⁵ Statistical Office of the Republic of Serbia.

Table 10: List of product categories in which imports from the EAEU present large shares of the Serbia's total imports of the product. Based on 5-year averages (2016-2020), values in US dollars, categories according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.¹⁴⁶

Serbia's imports from the EAEU		
Product	Value of imports	Share of total imports in the category
343 – Natural gas, whether or not liquefied	\$458,496,540	94.45%
321 – Coal whether or not pulverized but not agglomerated	\$20,131,140	70.06%
333 – Petroleum oils and oils obtained from bituminous minerals, crude	\$545,454,960	55.23%
562 – Fertilizers (other than those of group 272)	\$121,346,060	54.17%
122 – Tobacco, manufactured (whether or not containing tobacco substitutes)	\$61,058,120	50.16%
283 – Copper ores and concentrates;copper mattes;cement copper	\$90,041,980	47.41%
792 – Aircraft and associated equipment, Spacecraft and spacecraft launch vehicles	\$68,776,100	40.45%
522 – Inorganic chemical elements, oxides and halogen salts	\$36,177,000	39.21%
685 – Lead	\$2,062,700	38.32%
045 – Cereals, unmilled (other than wheat, rice, barley and maize)	\$658,620	36.76%

¹⁴⁶ Statistical Office of the Republic of Serbia.

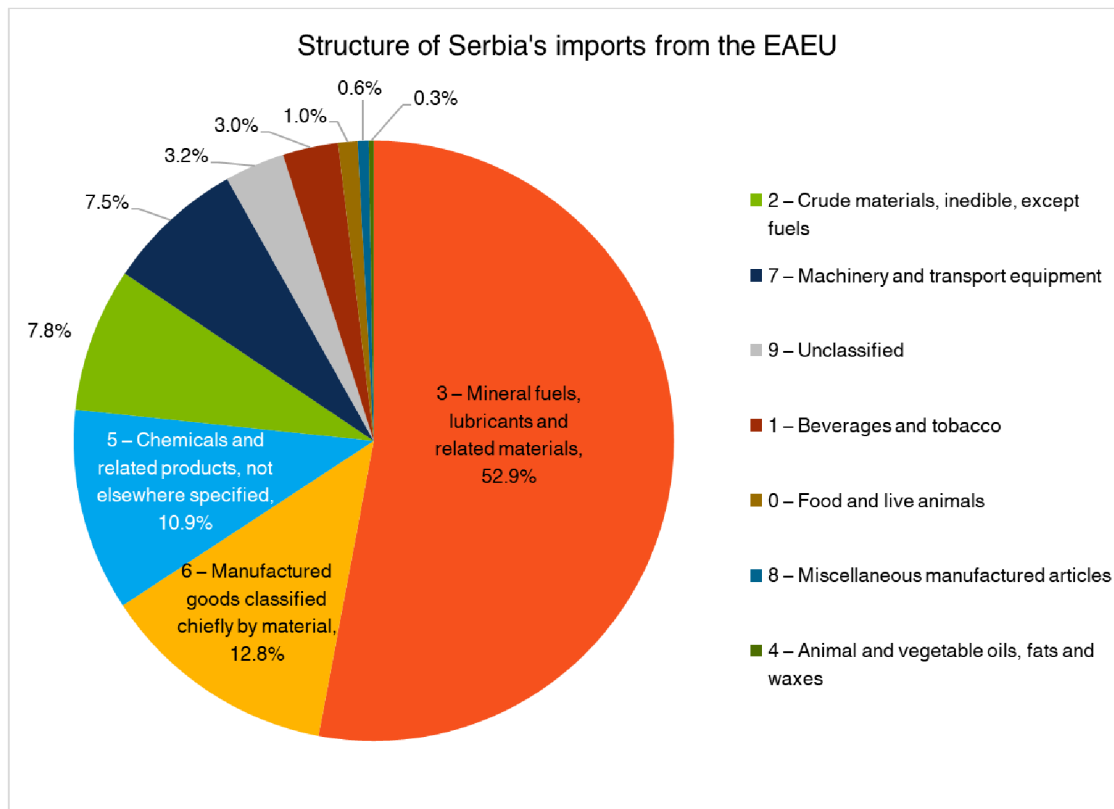


Figure 8: Structure of Serbia's imports from the EAEU. Based on value in US dollars and 5-year averages (2016-2020), sections according to the Standard International Trade Classification Revision 4. Data from Statistical Office of the Republic of Serbia.¹⁴⁷

Serbian government considers this agreement important for its food industry,¹⁴⁸ as well as for attracting foreign investments from companies willing to base their production in the country, given the access Serbia has to this large market.¹⁴⁹ The

¹⁴⁷ Statistical Office of the Republic of Serbia.

¹⁴⁸ Јована Рабреновић, 'Србија ће у ЕАЕУ извозити скоро сву робу без царине', Politika Online, 28 July 2020, <http://www.politika.rs/scc/clanak/459331/Srbija-ce-u-EAEU-izvoziti-skoro-svu-robu-bez-carine>.

¹⁴⁹ Tanjug, 'Mali: Sporazum sa EAEU koristiće srpskim privrednicima', NOVOSTI, 20 February 2020, <https://www.novosti.rs/vesti/naslovna/ekonomija/aktuelno.239.html:848565-Mali-Sporazum-sa-EAEU-koristice-srpskim-privrednicima>.

EAEU-Serbia Free Trade Agreement was signed in Moscow on 25th October 2019.¹⁵⁰ Since then, all parties have ratified the Agreement.¹⁵¹

¹⁵⁰ Влада Републике Србије, 'Брнабић потписала Споразум о слободној трговини са ЕАЕУ', 26 October 2019, <https://www.srbija.gov.rs/vest/421611/brnabic-potpisala-sporazum-o-slobodnoj-trgovini-sa-eaeu.php>.

¹⁵¹ ТАСС, 'Госдума Ратифицировала Соглашение о Зоне Свободной Торговли Между ЕАЭС и Сербией', accessed 4 June 2021, https://tass.ru/ekonomika/9774985?utm_source=yxnews&utm_medium=desktop; Tazabek.KG, 'КР ратифицировала соглашение о зоне свободной торговли между странами ЕАЭС и Сербией — Tazabek', Tazabek.KG, 27 January 2021, <https://www.tazabek.kg/news:1678079>; Азамат Сыздыкбаев, 'Казахстан увеличит экспорт товаров в Сербию', Казинформ, 28 January 2021, <https://www.inform.kz/ru/article/3746340>; Verelq News, 'Кабмин Армении Ратифицировал Соглашение о Свободной Торговле Между ЕАЭС и Сербией', Verelq News, 10 December 2020, <https://verelq.am/ru/node/78160>; БЕЛТА, 'Беларускі парламент ратыфікуе пагадненне аб ЗСТ паміж ЕАЭС і Сербіяй на вясенняй сесіі', БЕЛТА - Навіны Беларусі, 21 April 2020, <https://blr.belta.by/politics/view/belaruski-parlament-ratyfikue-pagadnenne-ab-zsg-pamizh-eaes-i-serbijaj-na-vjasennjaj-sesii-86984-2020/>; 'Закон о потврђивању Споразума о слободној трговини између Републике Србије, с једне стране и Евроазијске економске уније и њених држава чланица, с друге стране', § Службени гласник РС - Међународни уговори, број 3/2020-40 (n.d.).

COMPARISON OF TWO INTEGRATIONS

3.1 Institutional structure

Both Unions have similar institutional structures. The **European Council** brings together heads of state or government of Member States, people which occupy the topmost functions in their respective governments. The EAEU's **Supreme Eurasian Economic Council** and **Eurasian Intergovernmental Council** unite the Presidents and Prime Ministers respectively. Thus together, they unite both heads of state and heads of government. All Councils make decisions by consensus, as they deal with the most pressing questions that arise as a part of the integration. European Council can, however, apply qualified majority in some exceptions, as stipulated by the EU Treaties.

European Commission and **Eurasian Economic Commission** represent supranational bodies. Both manage and regulate integration processes. Important distinction lies in the division of the Eurasian Economic Commission into Council and the Board. The Board carries out general management and regulation, same way the European Commission does so in the EU. The Council is, however, composed out of Deputy Heads of Government, which oversee the activities of the Board and decide by consensus. To an extent, this is analogous to the activities carried out by the **EU's Council of Ministers**, which oversees the activities of the Commission together with the Parliament, with which it also co-decides on new legislation. But the EU's Council of Ministers brings together Member States' ministers with same portfolios and meets in various formations, depending on the policy area discussed. It makes decisions by qualified majority. There is no EAEU equivalent.

The EAEU does not have a **parliament**. The accountability of EAEU's institutions is to be overseen by the national parliaments of the Member States. EAEU's distinction here lies in its sole economic purpose. It does not coordinate joint-policies in areas other than trade, customs and single market. **European Parliament** embodies the vision of common European values and joint political direction.

Both Unions have **Courts** with judges from all member states. The main differentiating aspect is the nature of Unions' law systems (more on that in Depth of integration).

3.1.1 Depth of integration

Foreign policy, common border security, cooperation in internal affairs and monetary union are some of many aspects of European integration which do not find an equivalent in the Eurasian one, stressing the EAEU's sole economic purpose.

European law takes precedence over national legislation, and is directly applicable in national courts, not only in the Court of Justice. **EAEU law** however, does not take precedence over national legislation and constitutions. This limits enforceability of decisions and sets EAEU back in its efforts. Integration is not possible without

compromises on state sovereignty. A new concept needs to be conceived to compete with the value that sovereignty holds in the eyes of EAEU members. The EU has achieved this in the form of common values, dedication to democracy and the rule of law.

3.1.2 Decision-making

The EU's decision-making process happens on multiple levels. In European Council, the leaders of Member States decide on the general political direction by **consensus**. The Council of Ministers coordinates EU policies in a wide spectrum of affairs based on **qualified majority**. The Ministers of the same portfolios meet there to coordinate goals and resolve issues in their areas of policy. Commission, acting on the interests of the Union as a whole, proposes legislation, oversees its implementation, and manages the overall functioning of the integration. The **Parliament voices people's opinion** in all proposed legislation and reviews the Commissions work. The Court of Justice resolves disputes between Members States vis-à-vis each other and the Commission, and gives preliminary rulings for use in national courts. Separations of power and co-decision-making processes give the EU a supranational character.

Most decision-making inside EAEU is done by **consensus**, showing a more international than supranational character, as opposed to EU in various aspects. The existence of the Eurasian Economic Commission, however, does give the EAEU a supranational character, if only in theory. All three Union's Councils decide by consensus and possesses powers to overturn the decisions of the Commission's Board.

The EU's considerably larger size (27 member states, as opposed to 5) and deeper integration make more sophisticated forms of decision-making a necessity. EAEU's consensus-based functioning can possibly be further explained by Member States' unwillingness to cede portions of sovereignty for a higher cause. The fact that they were once part of a single state works in EAEU's disfavour.

3.1.3 External relations

The European Union has a defined policy regarding development, its commitment to promoting the very principles it was itself based on, as well as advancing social and economic development in countries in need. The EU provides development aid. The EAEU, on the other hand, lack this focus on development, being primarily focused on its own internal integration, but also on its mutual benefit principle in external relations. However, due to the fact that EAEU members are in different stages of economic development to those of the EU, with Kyrgyzstan just little above the lower-

middle income threshold, and Russia losing its high-income classification in 2015,¹⁵² it is clear why this aspect is not (yet) on the external agenda. The Russian Federation does provide development aid, however.¹⁵³

Both the EU and the EAEU have signed agreements with the **Republic of Serbia**. EU's approach towards the country is defined by their mutual proximity, intensive trade and Serbia's aspirations to join this integration block. The Eurasian Economic Union considers Serbia as its trade partner and has concluded an FTA agreement with the country. The EAEU market is an important destination for Serbia's fruit and cheese exports, but overall, the EAEU has a share of only 5.7% in Serbia's total exports. The EU, on the other hand, presents an important market for a variety of Serbian exports.

Putting aside trade aspects, the agreements that Serbia has signed with both Unions vary greatly. The EAEU FTA focuses solely on trade and trade related provisions. The EU SAA sets rules which Serbia must follow and goals it has to achieve. These include harmonisation of Serbia's laws and practices to those of the EU. European Union promotes market economy, democracy and the rule of law, both within and beyond its borders. EAEU in its relations is focused mainly on mutual economic benefit.

EU-Serbia SAA reserves certain exceptions in the liberalised trade of goods. Those will be abolished if, and when Serbia fulfils the conditions for entry into EU. The EAEU defined more trade exceptions in its FTA with Serbia. On the other hand, however, it made no promises to Serbia regarding further liberalisation nor did it set any conditions for that to happen. This illustrates different approaches in external relations of the two Unions.

Tariff preferences both Unions grant to countries in need also present this approach. Both Unions grant tariff preferences to countries based on their World Bank income classification and UN's LDC listing. The EU goes further and grants preferences to countries implementing policies whose values EU itself promotes. Those are, among other, principles on human rights, good governance, protection of the environment and sustainable development.

EAEU includes Palestine (as per UN General Assembly Resolution 43/177) and Syria on its list of least developed countries, granting them tariff-free access to its market. The UN does not classify these countries as LDCs. Reasons for such classification by the EAEU are not given. The EU has an Interim Association Agreement with

¹⁵² World Bank, 'GNI per Capita, Atlas Method (Current US\$)', Data, 2020, <https://data.worldbank.org/indicator/NY.GNP.PCAP.CD>.

¹⁵³ OECD, 'Net ODA', accessed 1 June 2021, <https://doi.org/10.1787/33346549-en>; Marina Vasilieva, 'Russia and the World Bank: International Development Assistance', World Bank, accessed 1 June 2021, <https://www.worldbank.org/en/country/russia/brief/international-development>.

Palestinian Authority. This gives Palestinian industrial and certain agricultural and fishery goods tariff-free access to EU market.¹⁵⁴

The EAEU Common System of Tariff Preferences is, unfortunately, filtered through a range of **inclusions**, leaving tariff-free access heavily regulated, even for LDCs. The EU's EBA scheme, on the other hand, grants these vulnerable countries tariff-free trade for all goods except arms and ammunition.

3.1.4 Starting points

The two integration projects have different starting points. The European Union's predecessor, the **European Economic Community** had the ambition of maintaining peace after the rage of the World War II. The Treaty of Rome was signed on 25th March 1957. Only decades later did it grow to attain its current size and integration strength.

The EAEU followed a couple of failed attempts to re-establish economic ties between former members of the Soviet Union after its breakup in 1991. Its predecessor, **Eurasian Economic Community**, was established in 2000. In the comparison of progress the two integration projects made so far, it is necessary to account for the much shorter history of the Eurasian integration.

¹⁵⁴ European Commission, 'Palestine - Trade', 6 May 2021, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/palestine/>.

Conclusion

The aim of the thesis was to compare the European Union and Eurasian Economic Union in their structure, scope, and development principles.

While the two unions possess quite similar institutional structures, decision-making processes are radically different. The EU pursued more sophisticated forms of decision-making, including qualified majority and co-decision, while the EAEU is more focused on making assurances that all parties in the integration process are satisfied and do not feel coerced. The integration process in the EU has reached a much higher level of sophistication and is broad in its scope. The EAEU represents a young project with smaller ambitions, having purely economic character.

The EU has active relationships with countries in development. It has an established set of principles which guide its actions and goals regarding possible ways to help countries in need. These goals are achieved through trade, agreements of varying scopes and development aid.

Apart from the system of tariff preferences, further development-oriented policies are, for the time being, out of scope of EAEU's mandate. When concluding agreements with other countries or entities, the EAEU follows the principle of mutual benefit for all parties concerned, and does not pose further requirements other than those necessary to achieve that.

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