

4. Free Trade Agreement with the Eurasian Economic Union

Prelims Level: WTO, International Economics

Mains Level: GS-III Effects of Liberalization on the Economy, Changes in Industrial Policy and their Effects on Industrial Growth.

Why in News?

- Russia is hopeful of India concluding a new Free Trade Agreement with the Eurasian Economic Union (EAEU).

Eurasian Economic Union (EAEU):

- The Eurasian Economic Union is an international organization for regional economic integration. It has international legal personality and is established by the Treaty on the Eurasian Economic Union.
- The EAEU provides for free movement of goods, services, capital and labor, pursues coordinated, harmonized and single policy in the sectors determined by the Treaty and international agreements within the Union.
- The Member-States of the Eurasian Economic Union are the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation.
- The Union is being created to comprehensively upgrade, raise the competitiveness of and cooperation between the national economies, and to promote stable development in order to raise the living standards of the nations of the Member-States.

Structure & Governance of EAEU:

- **Supreme Eurasian Economic Council:** The Supreme Council, which is composed by the heads of state of the member states, makes important decisions for the union. It approves the budget and the distribution of the contribution of the Member States.
- **Eurasian Economic Commission:** The Eurasian Economic Commission (EEC) is the permanent regulatory body of the Eurasian Economic Union (EAEU). It started work on February 2, 2012. The main purpose of the Eurasian Economic Commission is ensuring the functioning and development of the EAEU, and developing proposals for the further development of integration.

The most important feature of the Commission lies in the fact that all decisions are based on a collegial basis. The Eurasian Economic Commission consists of two bodies: the Council and the Board.

-
- **Council:** The council is composed of the Vice Prime Ministers of the member states. The council of the Commission oversees the integration processes in the Union, and is responsible for the overall management of the Eurasian Commission.
 - **Board:** The Board of the Eurasian Economic Commission consists of 10 members (2 Members (Minister) from each Member State), one of whom is the Chairman of the Commission Board.
 - **Court of the Eurasian Economic Union:** The Court of the Eurasian Economic Union replaced the Court of the Eurasian Economic Community (EurAsEC Court) in 2015. It is in charge of dispute resolution and the interpretation of the legal order within the Eurasian Economic Union. Its headquarters is in Minsk.

