Eurasian Development Bank

EDB Integration Business Barometer

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E. Chimiris, A. Almakaeva, A. Nemirovskaya, N. Soboleva, V. Pereboev (2022) *EDB Integration Business Barometer.* Report 22/1. Moscow: Eurasian Development Bank.

Authors: E. Chimiris, PhD (Political Science) (Team Head, Financial University under the Government of the Russian Federation); A. Almakaeva, PhD (Sociology); A. Nemirovskaya, PhD (Sociology), PhD (Philosophy); N. Soboleva, PhD (Sociology) — all these authors are from the National Research University "Higher School of Economics"; V. Pereboev, PhD (Political Science) (EDB Centre for Integration Studies).

Project Manager: V. Pereboev, PhD (Political Science) (EDB Centre for Integration Studies), pereboev_vs@eabr.org

Methodological Support: I. Gezalyan (Russian Public Opinion Research Center); K. Bannikova (Center for Strategic Research); V. Pereboev, PhD (Political Science) (EDB Centre for Integration Studies).

The report presents the findings of a survey of representatives of large and medium-sized businesses from Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan engaged in foreign economic activities in the EAEU and the CIS region. The purpose of the survey was to measure awareness of Eurasian integration among the respondents, examine their views on foreign trade barriers and incentives, and identify expectations of the business community with respect to integration and cooperation priorities in the EDB area of operations.

Keywords: survey, cooperation, barriers, incentives, large and medium-sized business, non-commodity companies, Eurasian Economic Union (EAEU), Eurasian integration, Commonwealth of Independent States (CIS).

JEL: F13, F15, F53, F55, O43, R58.

An electronic version of the report is available at https://eabr.org/en/analytics/integration-research/cii-reports/.

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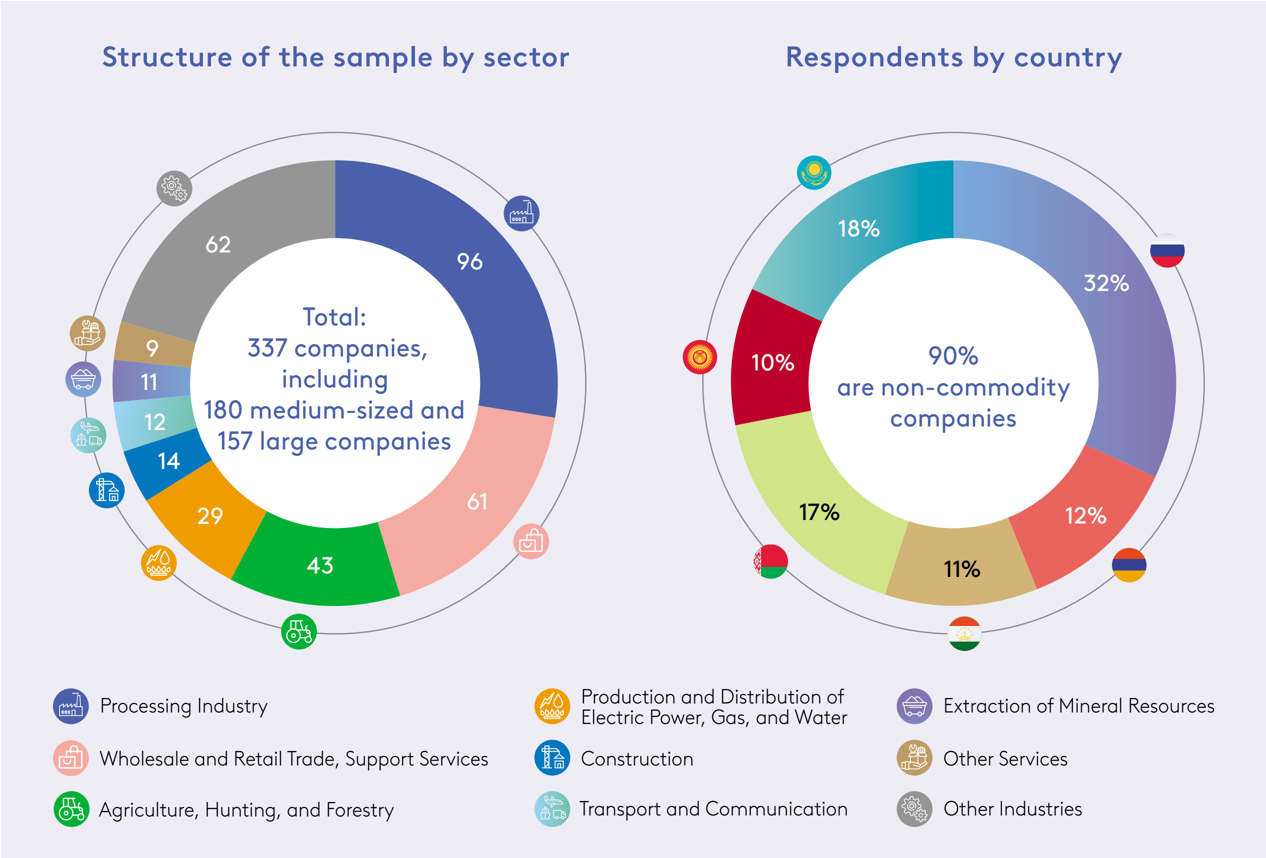
SUMMARY

This report presents the findings of a **survey conducted among representatives of large and medium-sized businesses** from Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan engaged in foreign economic activities in the EAEU and the CIS region. The project was implemented by the EDB Centre for Integration Studies and the International Non-Commercial Association of Research Agencies *Eurasian Monitor.* The purpose of the survey was to **measure awareness of Eurasian integration among the respondents, examine their views on foreign trade barriers and incentives, and identify expectations of the business community with respect to integration and cooperation priorities** in the EDB area of operations. The views of large and medium-sized companies on the attractiveness and concrete benefits of economic integration are important, and must be taken into consideration because of the special role these companies play in determination, implementation, and evolution of the economic integration processes. The questions of the survey were grouped into several blocks: general awareness of Eurasian integration, its potentials (such as free trade areas) and institutions; interactions with EAEU bodies, and doing business in the territory of the Union and the CIS region; assessment of foreign trade barriers and incentives; and identification of current and future business priorities in the region. The key findings of the survey are presented below, while an extended description of the trends identified in the course of the survey, and of the methodology used, is given in the subsequent chapters.

Note on Methodology

The EDB Integration Business Barometer project monitors the preferences of large and medium-sized companies from the EDB member states with respect to Eurasian economic integration and cooperation in the EAEU and the CIS region. The survey was conducted in August–September 2021; invitations were issued to 2,209 exporters/importers from six countries, and 337 companies agreed to participate. The respondents were represented by their top managers, including heads of the foreign trade and marketing divisions.

The sample was generated on the basis of official national classifications of sectoral affiliations and sizes of companies, regardless of whether they were actually engaged in export and import operations. The respondents operate in the real sector of the economy. The interviews were conducted both in person and by telephone/ZOOM, and in some cases the questionnaires were completed online. An extended description of the methodology, including a detailed breakdown of the respondents by countries and sectors, is provided at the end of the report.



Perception and Relevance of Eurasian Integration for Business

Most of the respondents (an average of 73%) believed that **Eurasian integration makes it easier to do business** in the EAEU member states, "significantly" for some, "to some extent" for others: the shares of those two responses in Kazakhstan and Belarus were 79% and 78%, respectively, with 75% in Russia and Armenia, and 60% in Kyrgyzstan. In Belarus and Kazakhstan, there were no companies claiming that EAEU activities are making it harder to do business. Respondents from Russia more frequently found it difficult to answer that question than respondents from the other countries.

By way of experiment, the questions related to the EAEU were also asked in Tajikistan, where 73% of the respondents believed that the EAEU was, to some extent, making it easier to do business in its member states, while some respondents maintained that it was desirable for Tajikistan to accede to the Union.

In Kazakhstan and Russia, 29% and 25% of respondents, respectively, noted that they had received some support from the EAEU and its institutions, including consultations and problem-solving assistance (see Figure 1). The respondents gave special emphasis to certain forms of assistance, such as provision of information, assistance with export formalities, and training opportunities.

Figure 1. Share of Respondents That Received Support from the EAEU and Its Institutions (% of total respondents in each country)

Source: here and below, compiled by the authors of the EDB Integration Business Barometer.

The survey also clarified which formats of business support in the EAEU are the most popular among the respondents. The online forum of the Business Dialogue (an electronic platform designed to support interaction between the business community and the EEC) received the most positive feedback, with the overwhelming majority of the respondents from Kyrgyzstan and two thirds of the respondents from Armenia, Belarus, Kazakhstan, and Russia willing to participate. Respondents from Kazakhstan showed the most interest in participating in the work of the EEC consultation committees (77%), and in public discussions on draft documents, trade policies, and regulations (79%). Respondents from Belarus also demonstrated significant interest in such public discussions (70%).

The respondents were interested in obtaining more information on the range of EAEU capabilities to get a better idea of what assistance was available. They also expected that the EAEU would provide financial support, contribute to cooperation, help them remove customs barriers, and simplify bureaucratic and customs procedures. The business community was generally interested in expanding exports and imports and in gaining access to new markets.

Barriers to Business in the CIS Region and Assessment of the Effectiveness of EAEU Activities

According to the respondents from Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan, trade barriers are the most frequently encountered obstacle in their foreign economic activities in the EAEU and the CIS region. Besides technical barriers (marking, labelling, certification, etc.), customs clearance, and compliance with sanitary standards, the respondents most frequently mentioned the following: **(1) high competition; (2) lack of information on foreign markets and potential partners; (3) product sales restrictions; and (4) financial measures (regulations related to circulation of foreign currencies, payment terms, obtaining and utilising loans to finance imports).** The least widespread problems were associated with export subsidies, protection of intellectual property rights, restrictions related to government procurement, and price control. The respondents also mentioned other issues (see Figure 2).

Figure 2. Problematic Aspects of EAEU Activities (% of respondents who said they had concerns)

14%	Formalistic nature of EAEU activities: delayed integration, unequal integration of member states, weak involvement of the business community
11%	Restrictions and duties: excessively stringent product requirements, border closing, bans and restrictions on supplies, customs formalities
11%	Risks related to economic and political instability
9%	Heightened competition due to entry of foreign players to local markets
7%	Lack of a uniform regulatory framework, and economic inequality of member states

The risks of high competition most often emerged while working with Russian companies, which, in turn, complained of competition-related challenges while operating in Belarus and Kazakhstan. Respondents from Tajikistan and Kyrgyzstan noted similar risks posed by companies from Kazakhstan. A very similar distribution was recorded for the problems related to customs clearance and compliance with sanitary standards, technical barriers, and lack of required information. Finally, respondents from all six countries listed certain other obstacles that they faced in the CIS region (see Figure 3).

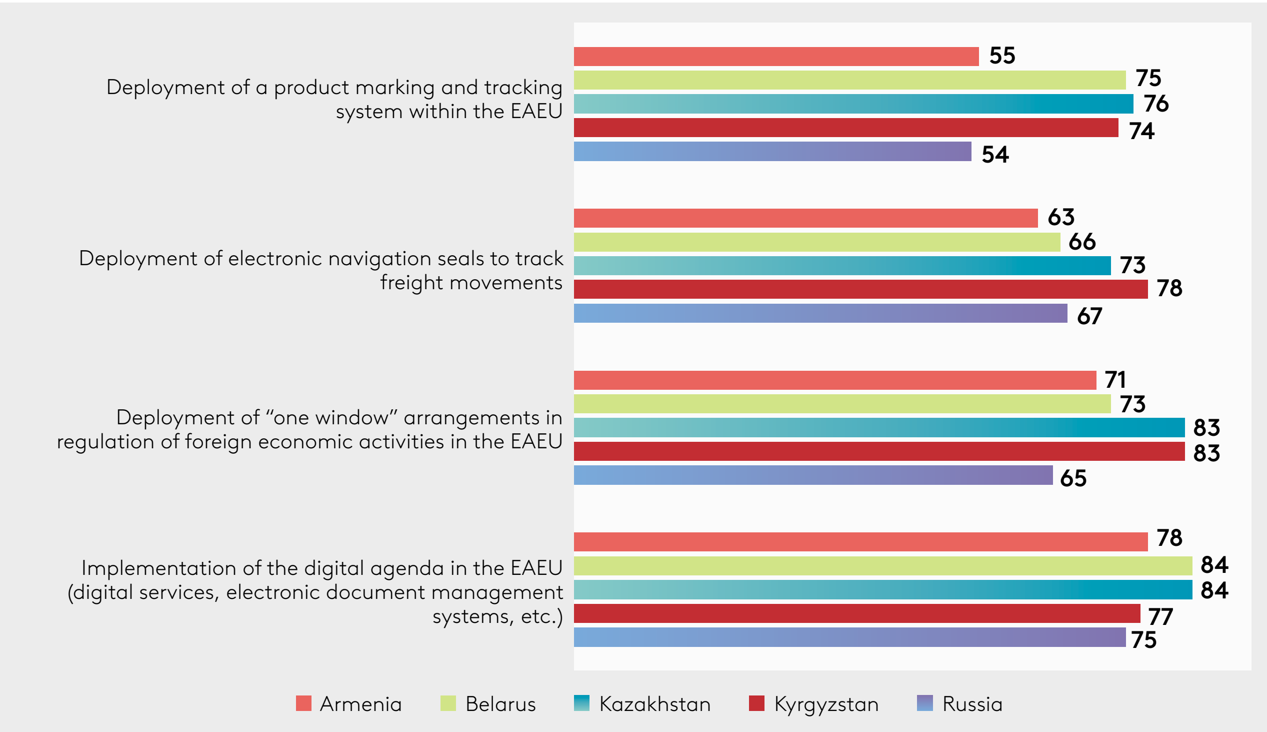
Figure 3. Obstacles to Foreign Trade with Countries in the CIS Region (% of total respondents)

25%	Investment challenges: difficulties related to finding and retaining investors, insufficiently secure investments, lack of government support
20%	Customs clearance: delays, customs restrictions, problems with execution of required documents
15%	Logistics and delivery: delayed supplies, border-crossing difficulties, traffic jams
14%	Supplies: problems related to receipt of goods and services from third-party entities, shortage of raw materials, shortage of equipment
12%	Red tape: large number of documents, penalties, refusals citing incorrect execution of documents, protracted document review periods
8%	Certification: different certification and marking standards, inflated product quality requirements
7%	Laws and regulations: differences in the regulatory framework governing imports and exports, calculation of taxes
6%	Difficulties with finding reliable partners

The respondents suggested the following steps to remove the barriers: **implementation of international standards or development of new EAEU standards and regulations** (the most popular response of companies from Armenia); **mutual recognition of product assessment procedures** (the most popular response from Kyrgyzstan); **harmonisation of product marking rules and norms** (that option was most often selected in Kazakhstan); **development of unified product circulation requirements and rules** (that solution was most often suggested by Russian companies). When answering the question on ways to improve EAEU effectiveness, the respondents mentioned the need to consider the opinion of the private sector, develop uniform standards, and establish rapid response agencies in the area of foreign trade. Several respondents noted that it would be expedient to hold more meetings and forums, and said it was necessary to admit more countries to the EAEU.

The respondents also rated the effectiveness of certain actions taken within the EAEU. Digital transformation was the most popular option (see Figure 4), gaining the highest effectiveness scores in Kazakhstan and Kyrgyzstan, slightly lower in Belarus, and least of all in Armenia and Russia. Generally, respondents from all the countries believed that implementation of the digital agenda in the EAEU was the most successful action, as it was praised by 71% of companies in Armenia, 73% in Belarus, 83% in Kazakhstan, and 65% in Russia. In Kyrgyzstan, "one window" arrangements in the regulation of foreign economic activities in the EAEU generated the most positive feedback (83%), while 77% of the respondents also selected the digital agenda option.

Figure 4. Share of Respondents Considering Certain Actions Taken within the EAEU to Be Effective (% of total respondents in each country)



In the opinion of most respondents, **of all decisions approved within the EAEU framework to support business, alleviation of the tax burden works the best, while the least effective**

decision is the introduction of a special regime for EAEU investors giving them freedom to select either the national regime or the MFN regime in each EAEU member state. High scores were assigned to deferral of indirect tax payments for up to 50 days, and equality of employment rights accorded to the citizens of all EAEU member states. The respondents also listed the most attractive and desirable business benefits and exemptions in the EAEU (see Figure 5).

Figure 5. Most Attractive and Desirable Business Benefits and Exemptions in the EAEU

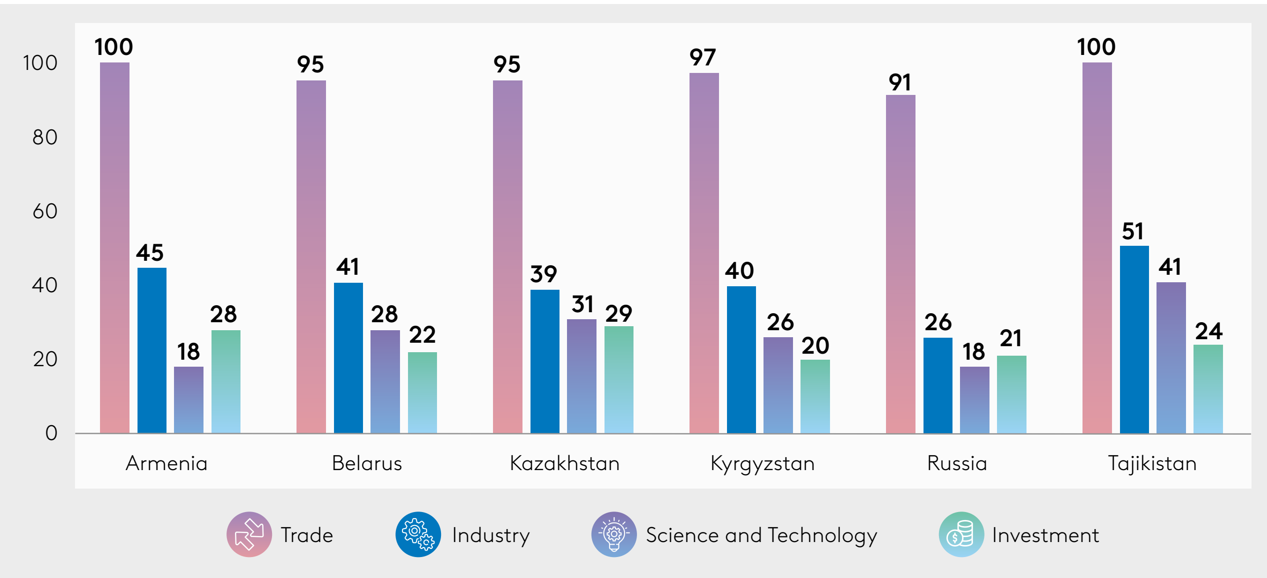
20%	Soft loans: reduced interest rates, extended loan maturities
19%	Tax exemptions
19%	Customs exemptions: reduced customs duties, simplification and acceleration of customs clearance

Current and Future Areas of Inter-Firm Cooperation in the Eurasian Region

More than 80% of the respondents had either partners or customers in the EAEU member states.

Trade is the main area of inter-firm cooperation, with respect to both the EAEU member states and the 12 countries of the CIS region (more than 90% responses in favor of Trade). The second most popular area of cooperation was Industry, but it was mentioned approximately half as frequently (see Figure 6).

Figure 6. Inter-Firm Cooperation Priorities in the Eurasian Space (% of total respondents in each country)



Russian companies are the key partners for the companies from Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, but there are certain country-specific differences. For example, 43–60% of the companies surveyed in Russia said they were collaborating with Russian counterparties. In the countries of the former USSR, the Russian companies most frequently partner with counterparties from Kazakhstan, Belarus, and Armenia. In Armenia, business has a distinct local flavour: virtually all sectors (with the exception of Trade) are dominated by Armenian partners (65–83%).

In all six countries, the respondents expressed the need to increase their production capacity and expand their sales markets beyond the boundaries of the EAEU. When assessing the most promising areas of development in Investment, Industry, and Science and Technology in the 12 countries of the CIS region, most respondents (approximately 70–100%) in Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan named Russia as the most attractive partner. At the same time, the Russian companies are apparently focused on retention of their markets rather than their expansion. **Only 30–40% of the companies surveyed in Russia selected at least one country in the CIS region as a potential counterparty.** In Armenia, Belarus, Kazakhstan, and Kyrgyzstan, an average of about 80% of the respondents assigned priority status to cooperation with partners from the countries of the CIS region, while in Tajikistan that indicator was almost 100%.

Main Priorities of Non-Commodity Companies

1. Russia is the priority partner in the areas of Investment, Science and Technology, and Industry for the companies from Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan. The overwhelming majority of the surveyed non-commodity companies are willing to engage in various types of cooperation with that country.

2. For the Russian non-commodity, knowledge-intensive companies, cooperation priorities lie beyond the area of Eurasian integration and the CIS region.

3. A number of the Russian knowledge-intensive companies also view Ukrainian companies as potential Science and Technology partners.

4. The countries of the Eurasian economic space consider Uzbekistan as a potential partner, which may serve as an additional argument in favor of its integration with the EAEU in various formats.

The most popular forms of expansion into new markets are partnerships with third-country companies (average score about 64%), **and active promotion of new products and services** (average score about 50%). In addition to these two areas, respondents from Kazakhstan, Kyrgyzstan, and Tajikistan mentioned establishment of joint ventures, while those from Armenia specified creation of new regional markets (see Figure 7).

Figure 7. Most Attractive Methods of Expansion into New Markets of the Countries of the CIS Region (% of total respondents in each country)

	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russia	Tajikistan
Partnership with companies from other countries	30	78	66	69	62	81
Active promotion of new goods and services	32	73	53	43	58	43
Acquisition of foreign assets	5	7	12	11	7	19
Localisation of production in the EAEU member states or other countries of the CIS region	15	12	15	23	9	14
Establishment of joint ventures	10	15	29	49	21	32
Creation of new regional/global markets	35	19	20	23	13	16
EAEU free trade agreements	18	19	22	26	26	32
Other agreements executed within the Greater Eurasian Partnership	18	0	12	9	6	8
Other	0	0	5	11	2	0
Don't know/No answer	5	0	0	0	2	0

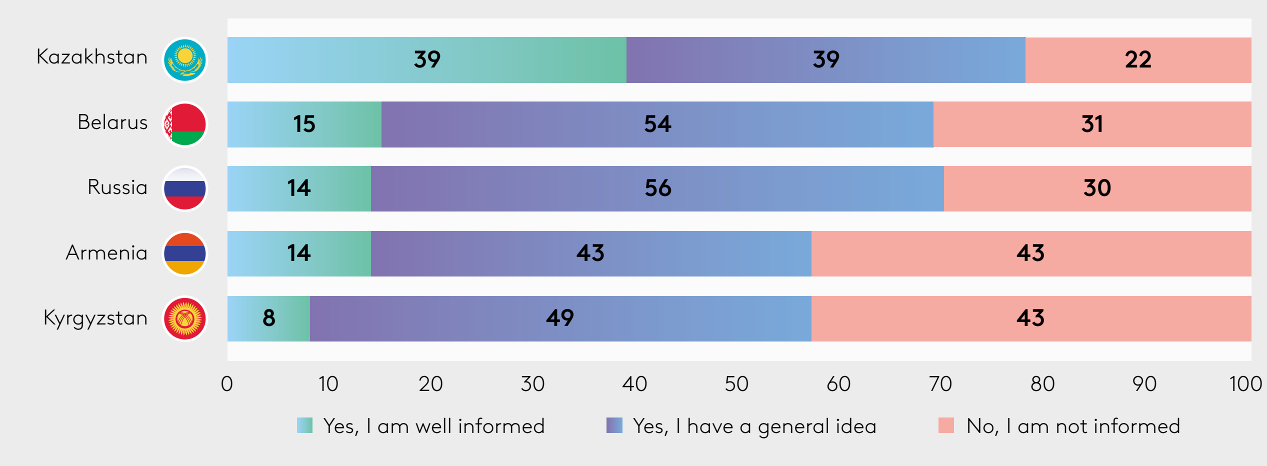
The interest of the business community in establishing Eurasian companies in the territory of the EAEU is high, especially in Kazakhstan, Kyrgyzstan, and Tajikistan, where 81–94% of the respondents selected the options "very interested" and "rather interested". In Russia and Belarus, that new form of joint ventures attracted respondents to a somewhat lesser degree, with only half of them choosing those two options.

Further expansion of free trade areas in the EAEU was perceived by the business community as promising. The respondents were most keen on creating FTAs of the EAEU with **China, Turkey, EU (Germany and Poland first), Uzbekistan, India and United Arab Emirates.**

Business Community Awareness of Free Trade Areas and Other Forms of EAEU Foreign Trade Policy

More than 50% of the respondents in all countries were aware of the EAEU free trade areas (FTAs) with other countries (see Figure 8). The highest awareness scores were recorded in Kazakhstan, while in Russia and Belarus they were roughly similar: 15% were well informed, slightly more than 50% had a general idea, and 30% had no knowledge of the FTAs. In Armenia and Kyrgyzstan, 43% of the respondents were not aware of the EAEU's FTAs.

Figure 8. Distribution of Responses to the Question Regarding Awareness of EAEU Free Trade Areas with Other Countries (% of total respondents in each country)



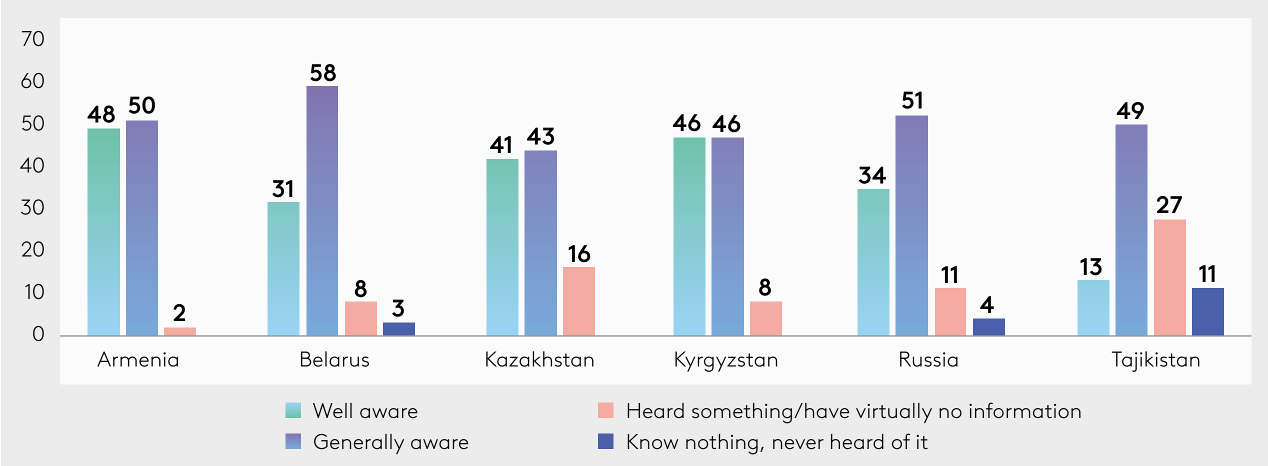
Curiously, about 60% of the respondents in Tajikistan and 54% of the respondents in Kazakhstan said they were **aware of the creation of the Greater Eurasian Partnership** and its capabilities. In Russia and Armenia, 50% and 35%, respectively, of the respondents knew of the existence of that initiative, while most respondents from Belarus and Kyrgyzstan were not aware of it.

Business Community Awareness of Eurasian Integration

Awareness of Eurasian integration among large and medium-sized companies from the six surveyed countries was measured by the extent of their awareness of activities of the EAEU and its supranational bodies (the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council, the Eurasian Economic Commission, and the EAEU Court), the EAEU Business Council, and the Eurasian Development Bank.

The average EAEU awareness score of the respondents from the six surveyed countries was 85%. The highest awareness scores were recorded in Armenia and Kyrgyzstan (where the options “well aware” and “generally aware” were selected by 98% and 92% of the respondents, respectively), as well as in Kazakhstan (84%) (see Figure 9). Virtually identical awareness scores were recorded in Russia and Belarus, where one third of the surveyed companies were well aware of general EAEU activities, while slightly more than half of the respondents were generally aware of such activities. The lowest EAEU awareness scores were posted by the respondents from Tajikistan, which is not an EAEU member state: one third of the respondents had no information about EAEU activities, while 11% of respondents replied they had never heard of the EAEU before the survey.

Figure 9. Distribution of Responses to the Question Regarding Awareness of EAEU Activities (% of total respondents in each country)

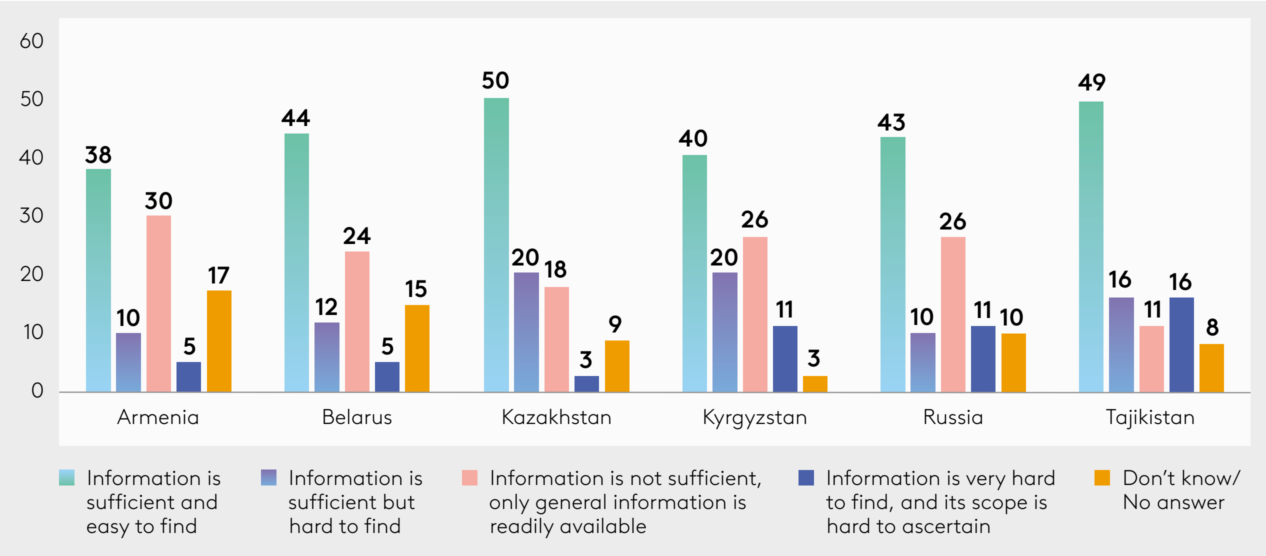


As regards Eurasian international institutions, **the companies are most aware of the Supreme Eurasian Economic Council** (with an average of 68.5% of the respondents selecting the options "well aware" or "generally aware"), **the Eurasian Development Bank** (with an average score of 65%), and **the Eurasian Economic Commission** (with an average score of 60%). The extent of business community awareness of activities of the EAEU institutions varied. For example, while 14% of the respondents were well aware of EEC activities (that response was most frequently selected in Belarus, Armenia, and Russia), 45% were only generally aware of such activities. **As for the EAEU Business Council, similar responses were given by an average of 42% of the respondents** (7% selected the option "well aware", and 35% selected "generally aware", with the highest share of such respondents in Belarus and Kyrgyzstan). **An average of 33% of the respondents were aware of EAEU Court activities** (of whom 7% selected the option "well aware" and 26% selected the option "generally aware", mostly in Belarus, home to the EAEU Court Headquarters). Apparently the respondents were aware of activities of the Eurasian institutions, but that awareness was mostly in general terms.

Availability of Information on EAEU Activities

The respondents were also asked to rate the sufficiency and availability of information on activities of the EAEU and its institutions, including approved decisions, events, and recent developments. The survey showed that most **respondents believed that information on EAEU activities is sufficient and easy to find:** that option was selected by half of the respondents in Kazakhstan and Tajikistan, and by 38–43% of those in the other countries (see Figure 10). At the same time, 10–20% of the respondents noted that such information is sufficient but hard to find. Importantly, **11–30% of the respondents in various countries said that there is insufficient detailed information**, and that only general information is readily available. The problem was especially notable for respondents from Armenia (30%), as well as Kyrgyzstan, Belarus, and Russia.

Figure 10. Differences in Perceived Sufficiency and Availability of Information on Activities of the EAEU and Its Institutions (Approved Decisions, Events, and Recent Developments) (% of total respondents in each country)



Thus, in all EAEU member states, most respondents who are engaged in foreign economic activities in the EAEU and the CIS region has a favourable opinion of Eurasian integration, and recognize that the EAEU is, to some extent, making it easier to do business in its member states. However, the respondents were often not fully aware of how the EAEU could help them develop their businesses, and needed appropriate information and support. To ensure successful inter-firm cooperation, especially in knowledge-intensive sectors, it would be expedient to take a more proactive stance in sharing information on EAEU capabilities with the business community, and to expand the range of methods currently used to engage companies in achieving the goals of Eurasian integration.

INTRODUCTION

Economic integration is an important driver of business development and economic growth. Examination of the main challenges and barriers encountered by companies engaged in foreign economic activities in the EAEU and the CIS region, and of the views, expectations, and proposals of the business community with respect to transforming existing practices and norms, yields applied information that is useful for improving and expanding Eurasian integration and regional cooperation. Regular surveys of large and medium-sized companies from six Eurasian Development Bank (EDB) member states are designed to facilitate attainment of that objective, and represent the next stage of exploration of integration attitudes in the Eurasian space.

This survey focuses on large and medium-sized companies engaged in foreign economic activities in the member states of the EDB and the EAEU. The sample includes five EAEU members (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia), and Tajikistan (an EDB member). The project was implemented by the EDB Centre for Integration Studies and the International Non-Commercial Association of Research Agencies *Eurasian Monitor* in August–September 2021. The survey's design and toolset were developed with the participation of the Russian Public Opinion Research Centre (WCIOM), and data collection was directly managed by experts of the Research Group ZIRCON. Experts of the Comparative Social Research Laboratory (National Research University, Higher School of Economics) and the Financial University under the Government of the Russian Federation played an active role in writing this report. When drawing up the survey questionnaire, the authors also used recommendations provided by the Centre for Strategic Research.

The report consists of four chapters. Chapter 1 reviews the extent to which the respondents are aware of activities of the EAEU and the Eurasian international institutions, and of the free trade areas; it also deals with matters related to availability and methods of utilisation of existing sources of information. Chapter 2 addresses various ways in which the EAEU supports the business community. Chapter 3 describes the problems encountered by respondents in their foreign economic activities, and assesses the effectiveness of various EAEU actions. Finally, Chapter 4 is dedicated to priority and potentially attractive partners and areas of cooperation in the Eurasian space. The Conclusion lists recommendations based on the survey's insights, and describes the survey's methodology.

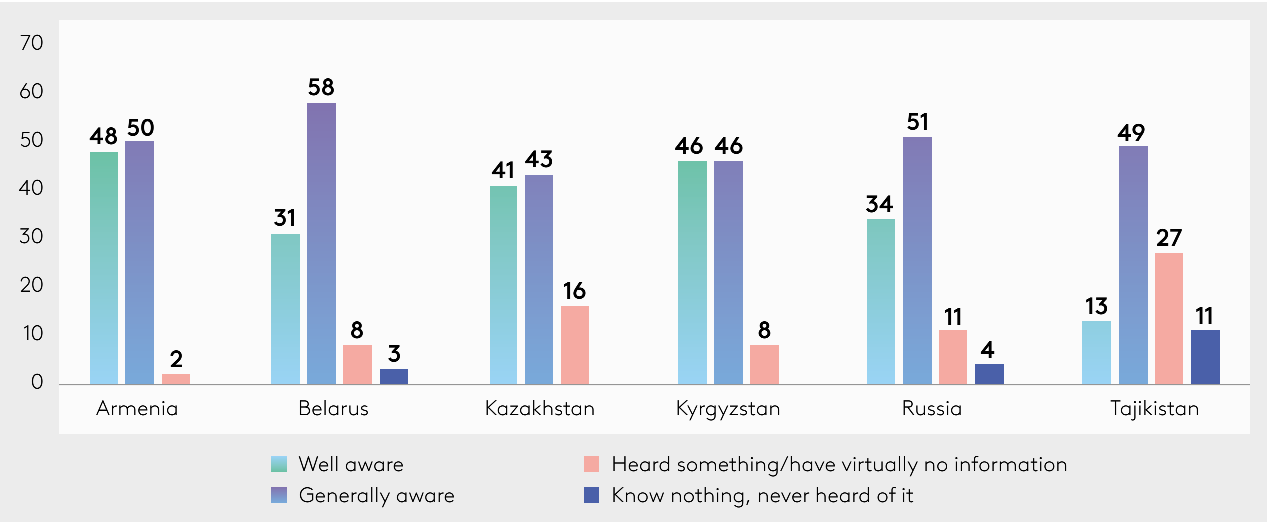
CHAPTER 1. BUSINESS COMMUNITY AWARENESS OF EURASIAN INTEGRATION

1.1. AWARENESS OF ACTIVITIES OF THE EAEU AND EURASIAN INTERNATIONAL INSTITUTIONS

The survey examined the extent to which companies from the six surveyed EDB member states are aware of activities of the EAEU and of certain Eurasian international institutions: the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council, the Eurasian Economic Commission, the EAEU Business Council, the EAEU Court, and the Eurasian Development Bank.

The average EAEU awareness score of the respondents from the six surveyed countries was 85%. The highest awareness scores were recorded in Armenia and Kyrgyzstan (where the options "well aware" and "generally aware" were selected by 98% and 92% of the respondents, respectively), as well as in Kazakhstan (84%) (see Figure 11). Virtually identical awareness scores were recorded in Russia and Belarus, where one third of the surveyed companies were well aware of general EAEU activities, while slightly more than half of the respondents were generally aware of such activities. The lowest EAEU activity awareness scores were recorded in Tajikistan, where one third of the respondents had virtually no information about EAEU activities, while 11% the respondents answered they had never heard of the EAEU before the survey. Only 13% of the respondents in Tajikistan were well aware of EAEU activities. That is logical, as Tajikistan is the only country participating in the survey that is not an EAEU member state.

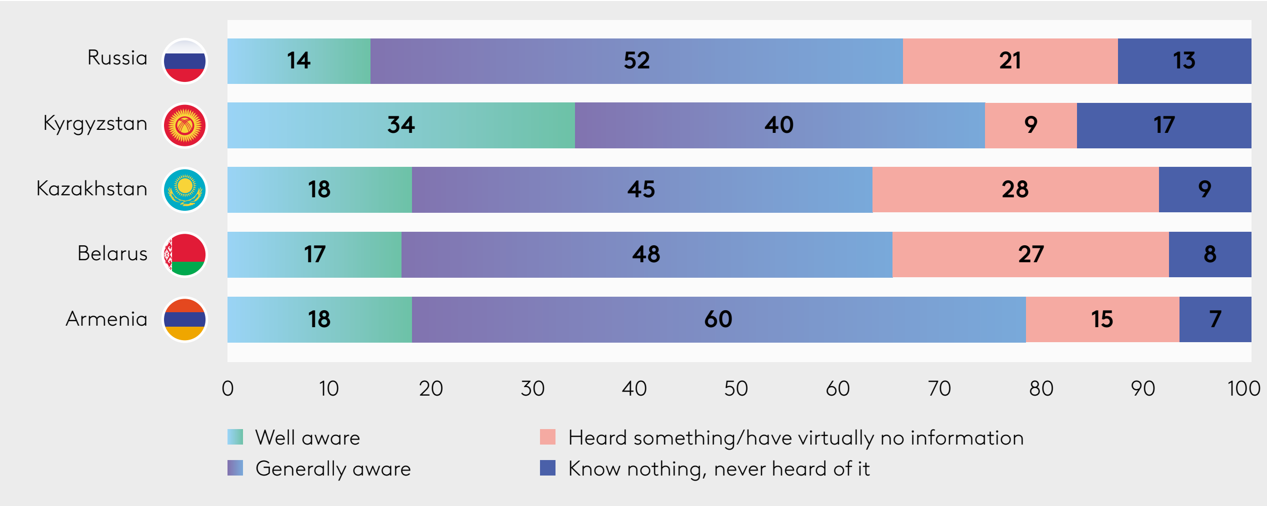
Figure 11. Awareness of EAEU Activities (% of total respondents in each country)



As regards Eurasian international institutions, the **highest awareness scores were awarded to the Supreme Eurasian Economic Council** (with an average of 68.5% of the respondents selecting the options "well aware" or "generally aware"), **the Eurasian Development Bank** (with an average score of 65%), and **the Eurasian Economic Commission** (with an average score of 60%).

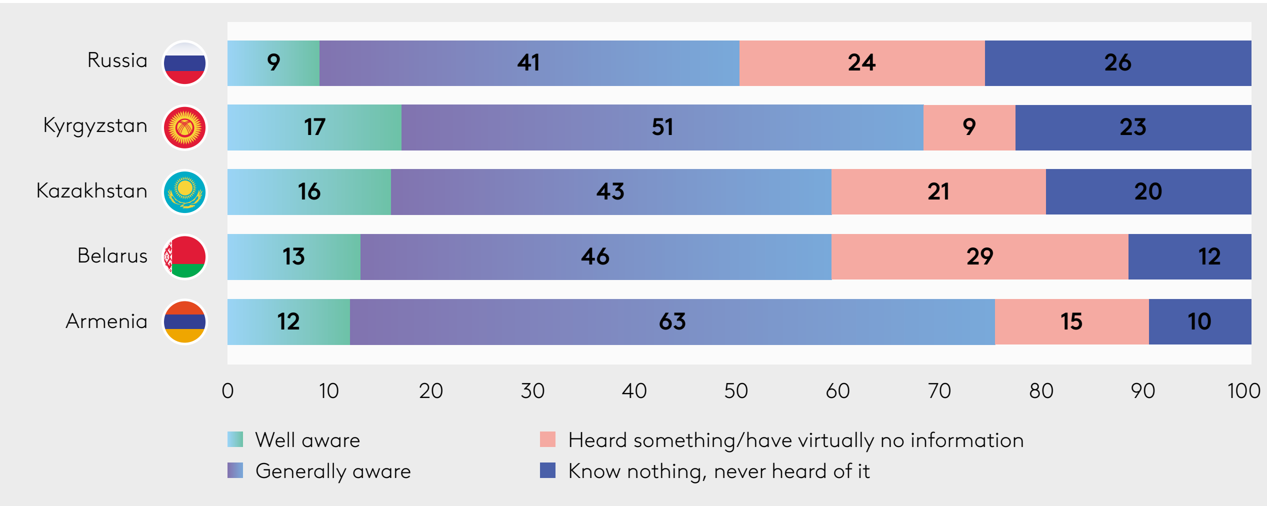
An in-depth analysis shows that the **highest awareness scores with respect to activities of the Supreme Eurasian Economic Council were recorded in Kyrgyzstan** (where the options "well aware" and "generally aware" were selected by 34% and 40% of the respondents, respectively) **and Armenia** (18% and 60%) (see Figure 12). Belarus, Kazakhstan, and Russia had roughly similar awareness scores as regards activities of the Supreme Eurasian Economic Council, with two thirds of the respondents being well aware or generally aware of such activities.

Figure 12. Awareness of Supreme Eurasian Economic Council Activities (Heads of State Level) (% of total respondents in each country)



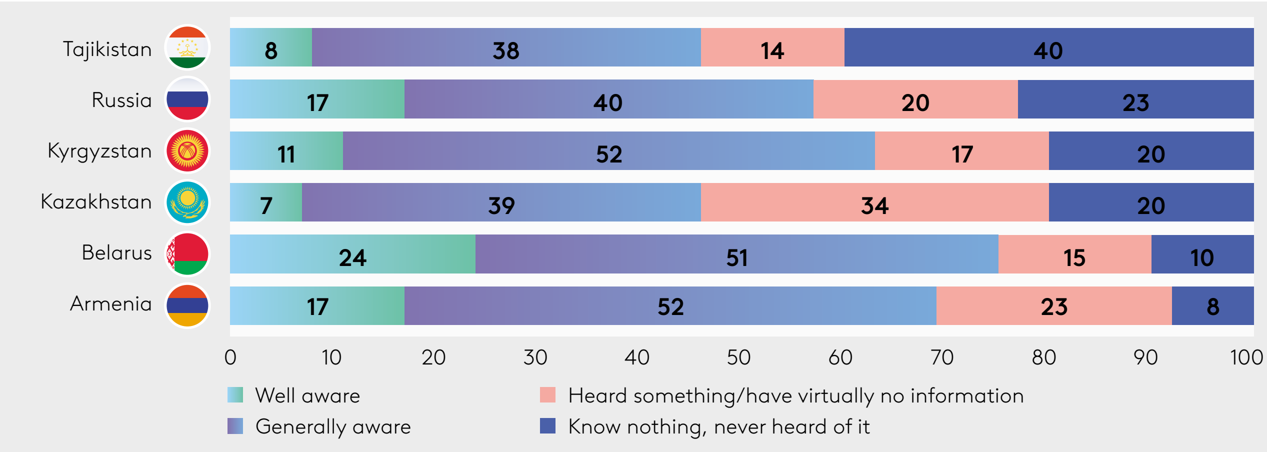
All told, almost 60% of the respondents were aware of Eurasian Intergovernmental Council activities: the share of the respondents selecting the option "well aware" ranged from 9% in Russia to 16% and 17% in Kazakhstan and Kyrgyzstan, respectively (see Figure 13). Armenian companies had particularly high awareness scores, with three quarters of the respondents being aware of activities of the Eurasian Intergovernmental Council.

Figure 13. Awareness of Eurasian Intergovernmental Council Activities (Heads of Government Level) (% of total respondents in each country)



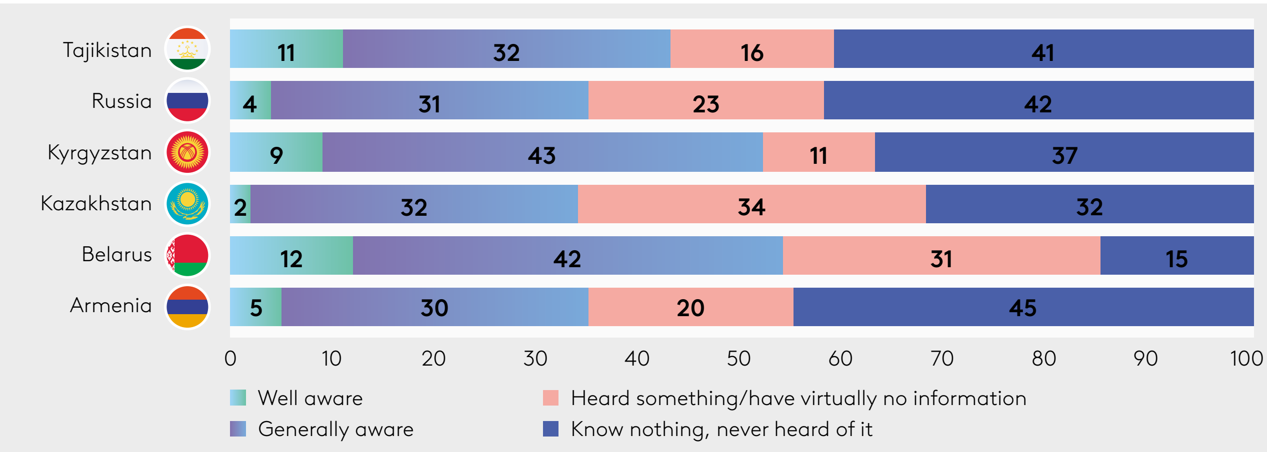
The extent to which companies from the six surveyed countries are aware of activities of the Eurasian Economic Commission varied: while a quarter of the respondents in Belarus and 17% of the respondents in Russia and Armenia responded that they were "well aware" of its work, in Kazakhstan and Tajikistan that option was selected more seldom (see Figure 14). The highest EEC awareness scores were recorded in Belarus (where the options "well aware" and "generally aware" were selected by 75% of the respondents), Armenia (69%), and Kyrgyzstan (63%). Comparable EEC awareness scores were recorded in Tajikistan and Kazakhstan, with the option "well aware" selected by 8% and 7% of the respondents, respectively, and the option "generally aware" by 38% and 40% of the respondents, respectively.

Figure 14. Awareness of Eurasian Economic Commission Activities (% of total respondents in each country)



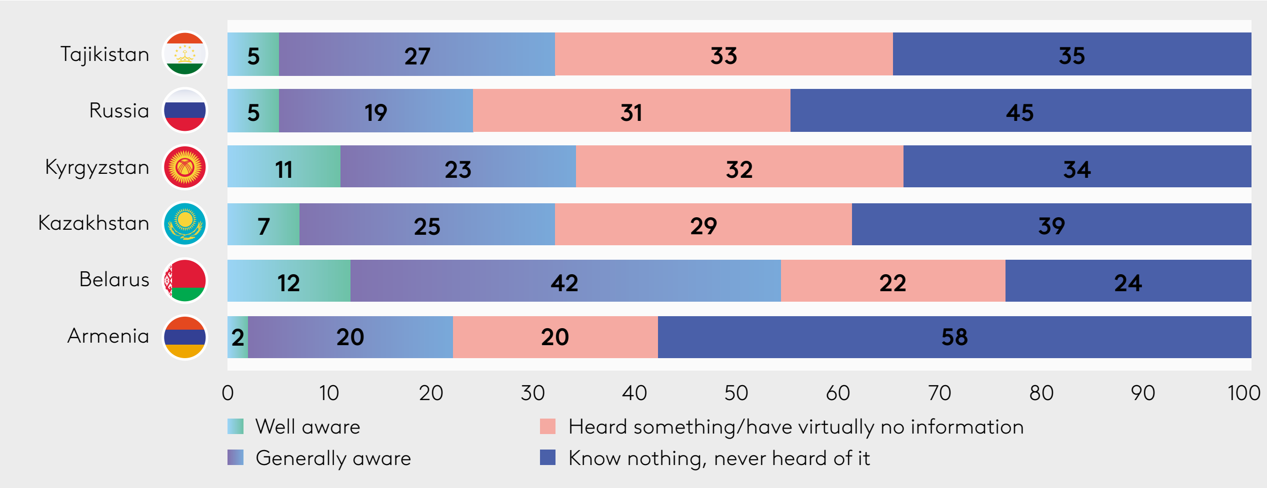
As regards the EAEU Business Council, positive responses to the awareness questions were given by an average of 42% of the surveyed companies (of which 7% selected the option "well aware", and 35% selected the option "generally aware", with the highest share of such respondents in Belarus and Kyrgyzstan). Almost half of the respondents in Armenia (45%), and more than one third of the respondents in Russia (42%), Kyrgyzstan (37%), and Kazakhstan (32%) had never heard of that coordination and discussion body of the business community of the EAEU member states (see Figure 15).

Figure 15. Awareness of EAEU Business Council Activities (% of total respondents in each country)



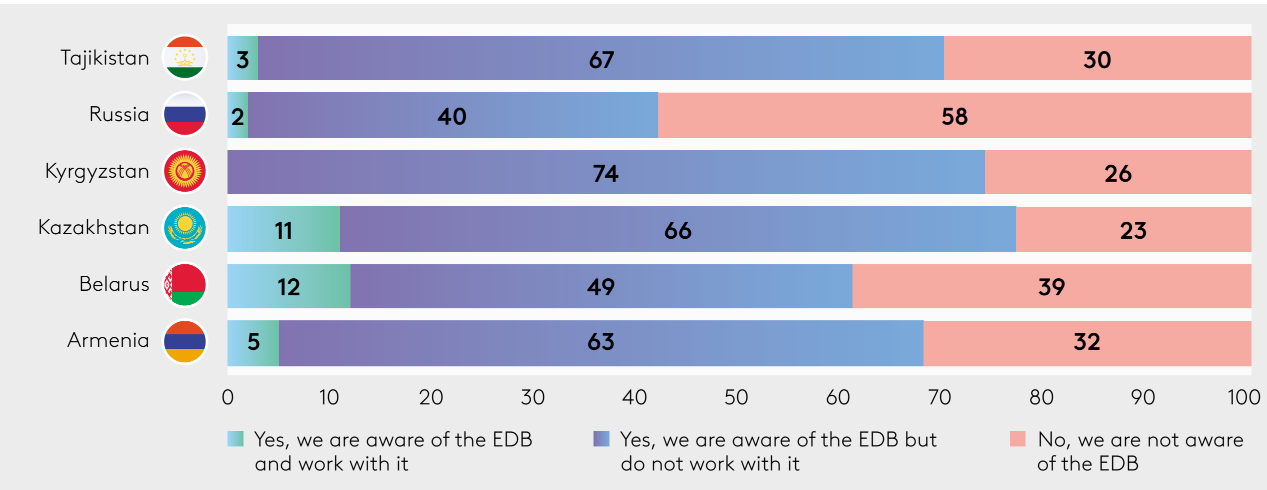
An average of 33% of the surveyed companies were aware of EAEU Court activities (with the options "well aware" and "generally aware" selected by an average of 7% and 26% of the respondents, respectively). The highest EAEU Court awareness score was recorded in Belarus, home to that institution's headquarters (see Figure 16).

Figure 16. Awareness of EAEU Court Activities (% of total respondents in each country)



The highest Eurasian Development Bank activity awareness scores were recorded in Kazakhstan (where 77% of the respondents selected the options "yes, we are aware of the EDB and work with it" or "yes, we are aware of the EDB but do not work with it"), **Tajikistan** (70%), and **Armenia** (68%) (see Figure 17). In Russia, the share of respondents aware of EDB activities was 42%. A significant share of the surveyed companies that reported some extent of awareness of EDB activities was recorded in Kyrgyzstan, where 74% of the respondents selected the option "yes, we are aware of the EDB but do not work with it". Companies from Belarus (12%) and Kazakhstan (11%) most frequently reported their experience with the EDB.

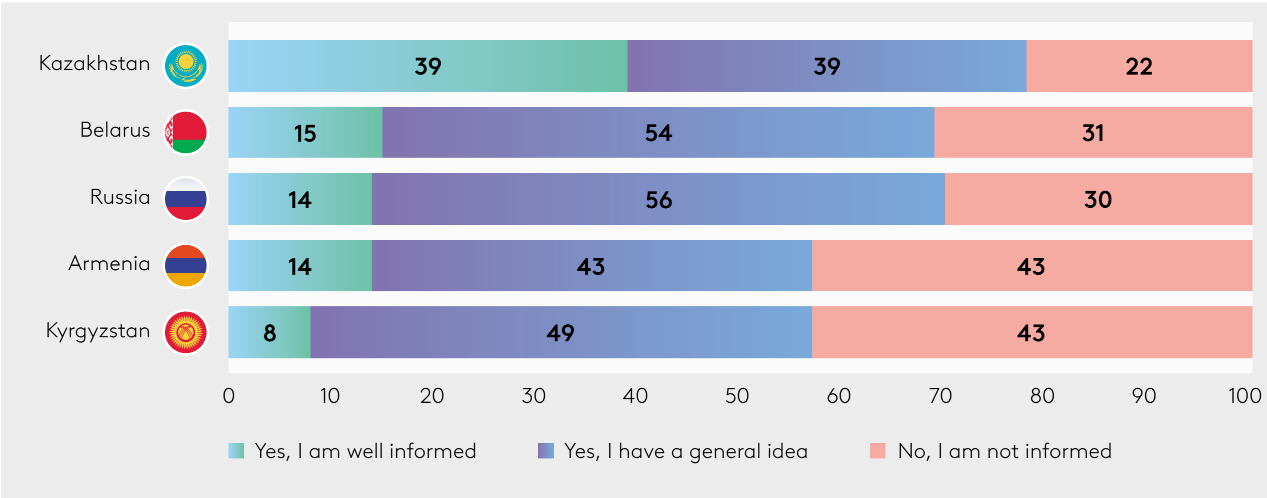
Figure 17. Awareness of Eurasian Development Bank Activities (% of total respondents in each country)



1.2 AWARENESS OF FREE TRADE AREAS AND OTHER EAEU FOREIGN TRADE POLICIES

More than 50% of the surveyed companies in all EAEU member states knew of the EAEU free trade areas with other countries. The highest awareness scores were recorded in Kazakhstan, where one third of the respondents selected the option "well aware", and another third selected the option "generally aware" (see Figure 18). Companies from Russia and Belarus had roughly similar awareness of EAEU free trade areas awareness scores, with 14% and 15%, respectively, being well aware, 56% and 54%, respectively, generally aware, and 30% and 31%, respectively, not aware of such EAEU free trade areas with other countries.

Figure 18. Awareness of EAEU Free Trade Areas with Other Countries (% of total respondents in each country)

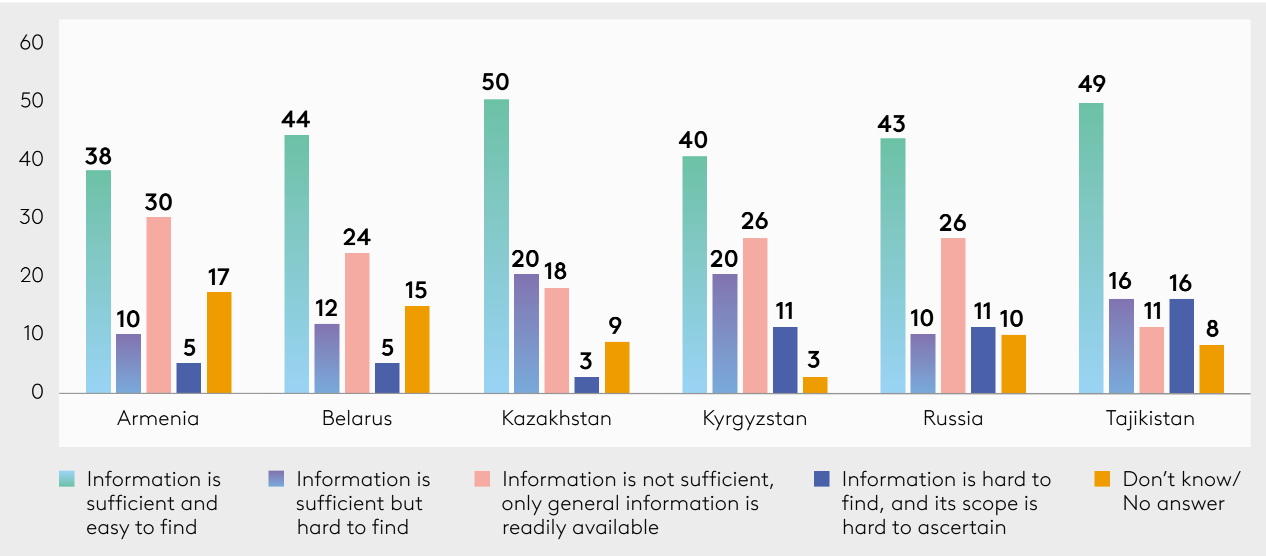


In the course of the survey, the respondents were asked to specify which EAEU free trade areas, if any, they were aware of. In response to that open-ended question, most companies listed countries with which FTA negotiations were under way, or countries with which those companies had long-standing working relationships. As expected, the countries mentioned most frequently were the EAEU member states: Russia (33 responses in Kazakhstan, 10 in Belarus, and 5 each in Armenia and Kyrgyzstan), Belarus (23 responses in Russia, and 21 in Kazakhstan), Kazakhstan (23 responses in Russia, 6 in Kyrgyzstan, and 4 in Belarus), Kyrgyzstan (18 responses in Kazakhstan, and 9 in Russia), and Armenia (12 responses each in Russia and Kazakhstan). **Notably, in some countries, the responses were affected by geographic and, probably, economic and sociocultural factors.** For example, respondents from Tajikistan listed EAEU free trade areas with such geographically and culturally affiliated countries as China (11 responses), Turkey (8 responses), Turkmenistan and Afghanistan (4 responses each), India and Pakistan (3 responses each), while respondents from Belarus mentioned Ukraine and Moldova (5 responses and 1 response, respectively), and respondents from Russia named several European countries.

1.3. AVAILABILITY OF INFORMATION ON EAEU ACTIVITIES

Companies engaged in foreign economic activities rated sufficiency and availability of information on activities of the EAEU and its institutions, including approved decisions, events, and recent developments. The survey showed that **for most companies, information on EAEU activities was sufficient and easy to find**: that option was selected by half of the respondents in Kazakhstan and Tajikistan, and by more than one third of the respondents in the other countries (see Figure 19). At the same time, one fifth of the respondents in Kazakhstan and Kyrgyzstan and one sixth of the respondents in Tajikistan noted that, while the information is sufficient, it is hard to find (that option was selected by 12% in Belarus and by 10% each in Armenia and Russia). The option "information is hard to find, and its scope is hard to ascertain" was selected by rather few respondents: merely 3% in Kazakhstan, 5% each in Armenia and Belarus, and 11% each in Kyrgyzstan and Russia. That indicator was slightly higher in Tajikistan at 16%. Generally, availability of information on EAEU activities can be rated positively: the share of affirmative responses to the relevant question (defined as the combined percentage of the respondents who selected the options "information is sufficient and easy to find" and "information is sufficient but hard to find") ranged from 48% in Armenia to 70% in Kazakhstan.

Figure 19. Sufficiency and Availability of Information on Activities of the EAEU and Its Institutions (Approved Decisions, Events, and Recent Developments) (% of total respondents in each country)



Companies from most countries noted that information on their possible participation in the EEC consultation committees was insufficient. That opinion was voiced by about half of the respondents in Kyrgyzstan (57%), Russia (54%), and Armenia (47%). On the average, sufficiency and availability of information on EAEU activities received positive ratings from about one third of the respondents in all countries, with the exception of Kazakhstan (47%). The share of the respondents unable to reply to the question on availability of information on EAEU activities ranged from 26% in Belarus to 14% in Kazakhstan and Kyrgyzstan.

The respondents were also asked to rate the sufficiency of information about their possible participation in the EEC consultation committees, and to indicate what other information they needed. At the time of the survey, demand for additional information on participation in the EEC consultation committees was the lowest in Armenia and Kazakhstan, where 50% of respondents said they had enough information; the same response was given by one third of respondents in Russia, and by one fourth of respondents in Belarus. Almost half of the surveyed companies in Belarus were unable to answer the question.

A review of the responses given to the open-ended question revealed a shortage of complete, detailed, and up-to-date information, for example, on new decisions, normative documents, support measures, and international cooperation opportunities.

In Armenia, the respondents were equally focused on the absence of prompt and convenient news alerts and the shortage of business information (on specific business offers, business environment, projects, information required for expansion of business communications, changes in laws and procedures, operation of various EEC units), while the need to obtain additional export/import information (for example, on countries that could act as potential suppliers of raw materials) was mentioned more seldom.

Companies from Belarus said it was not clear where information could be found, and stated the need for a single source of EAEU-related news. They also indicated that they would be interested in general information on EAEU and EEC activities (structure of the organisation, its functions and capabilities, rules and terms governing participation in the consultation committees), information on protection of the markets of the EAEU member states (for example, protection from Chinese trade expansion by introducing adjustment coefficients to be used when holding tenders for Russian buyers where Chinese products are cheaper than Belarusian ones, but are of inferior quality), and legal information (support documents and information on trade restrictions and barriers, specific information to be used when expanding into new export markets, information on regulation of foreign economic activities).

Companies from Kazakhstan noted a lack of transparency and general shortage of detailed and structured information. First and foremost, that was true for information on EAEU prospects, potential, and restrictions, and on EEC activities and events (partnership and cooperation opportunities, and operation of the consultation committees and various commissions, including accession rules, contact persons authorised to deal with urgent matters, scope of support provided, procedures to be followed to join discussion on certain issues or contact responsible individuals, operating procedures of the commission on primary resources, etc.). The respondents also mentioned a shortage of information on legal matters (tax legislation, taxation of non-residents, export and import disputes) and infrastructure issues (customs operations, maximisation of profit, and improvement of the terms governing the conduct of foreign economic activities).

Companies from Kyrgyzstan most often noted insufficiency of information on activities of the EAEU and, in particular, of the consultation committees (how to participate in their operations, how to file official complaints against suppliers, scope of authority of each committee and matters they are competent to resolve, and how to learn about ongoing workshops and approved decisions). The respondents reiterated that they needed information on various aspects of international trade: foreign trade partners, export infrastructure, establishment of collaborative relationships, tariff quotas, economic barriers, demand for products from Kyrgyzstan in Russia and Belarus, and government procurement programmes. In addition, the respondents pointed to the lack of information on taxation, customs declarations, and marking of products, especially fur products. Some respondents said they lacked information on all areas of EEC operations.

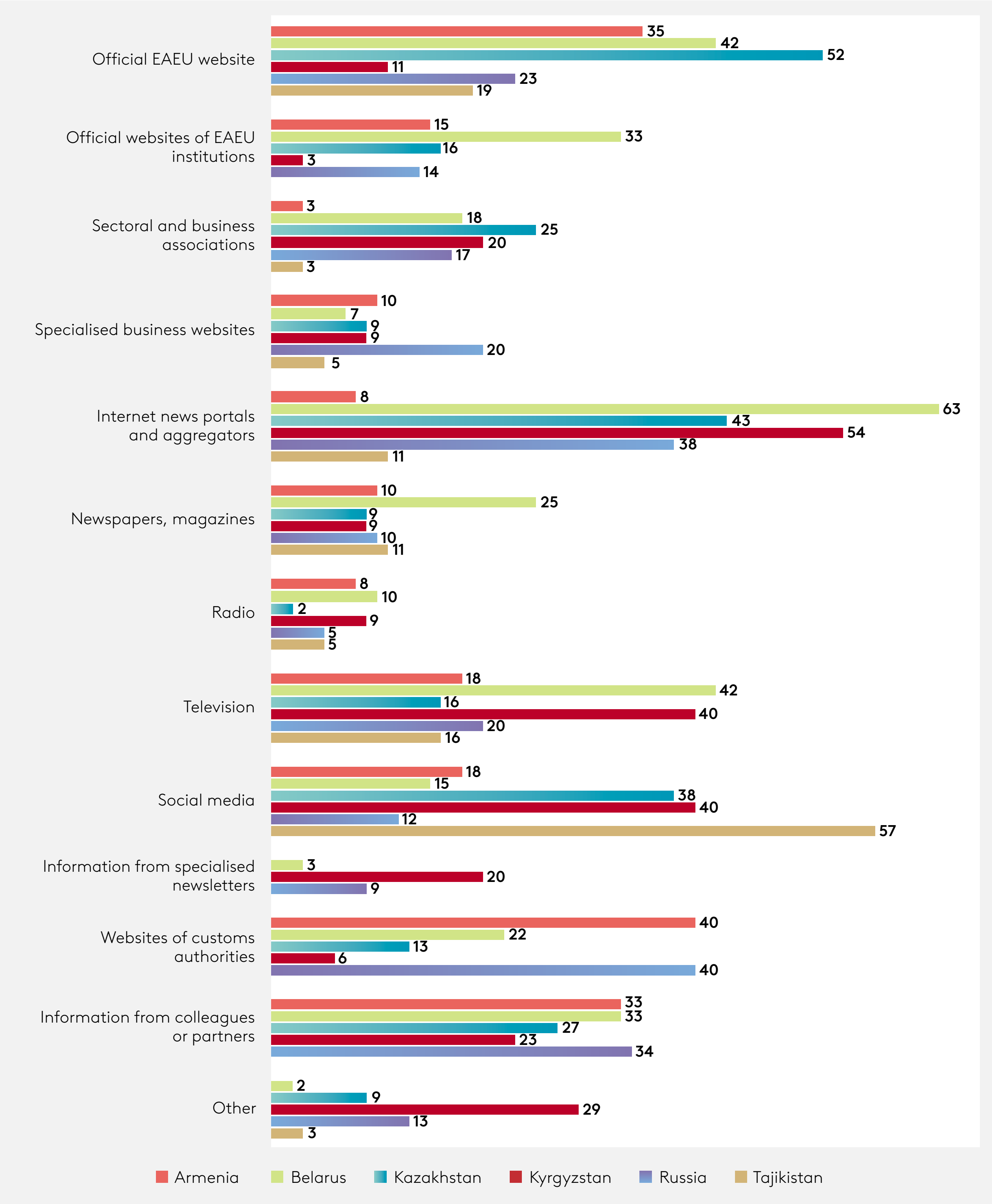
Russian companies noted insufficient coverage of activities of the EAEU and its institutions, unavailability and shortage of specific up-to-date information, especially in free and open sources. They claimed, in particular, that complete information was not available, only general information; that detailed information could be found only in paid foreign-trade databases; that information was not always up-to-date and raised numerous questions, so it was necessary to constantly monitor newsfeeds; that there was no information on recent changes, etc. Some respondents called for the creation of an additional body that would promptly respond to all queries related to foreign economic activities. The surveyed companies proposed to make more efficient communication arrangements using specialised websites and chat forums, and to streamline information channels so that an Internet search request on particular countries would yield information on trade with these countries (including normative documents and information submission deadlines). Russian companies repeatedly mentioned the shortage of information on activities of the EAEU and its institutions. In summary, companies wanted the following information: trade and economic indicators and EAEU development prospects, EAEU accession conditions, EAEU trade partners, internal and external EAEU economic ties; procedures governing interaction between authorised national government bodies and key partners; methods and forms of interaction with the EAEU Court, the EDB, and the consultation committees; the gateway process used for approval of decisions by EAEU bodies, legal practices, etc.

An important cluster of responses indicated a lack of understanding of the advantages that specific companies could gain from their country's membership in the EAEU, terms of possible EEC assistance, measures of government support of national manufacturers, and assistance in promoting projects. Specific gaps in trade information, as listed by the respondents, included shortage of information on customs clearance, simplification of customs procedures, trade statistics, freight transport, changes in trade rules, a full list of technical regulations that apply to various commodity groups, and up-to-date information on prices on exchanges and markets. The respondents also reported that they wanted more informational events, including conferences, general communications, clarifications and notifications on new regulations and various amendments, detailed descriptions of EEC decisions, information on additions to existing documents, and information on normative documentation. Finally, the respondents complained about bureaucratic complications hindering supply of military equipment, and said they needed transparent document flows and data on local case law.

1.4. SOURCES OF EAEU INFORMATION AND NEWS

Internet news portals and aggregators have become the most popular source of EAEU information and news, and were mentioned as such by an average of 36% of the surveyed companies (see Figure 20). Those sources of information were used most frequently in Belarus (63%) and Kyrgyzstan (54%), and somewhat less frequently in Kazakhstan (43%) and Russia (38%).

Figure 20. Sources of EAEU Information and News (% of total respondents in each country)



The official EAEU website was the second most frequently mentioned source of information, with an average score of 30%. It was used by more than half of the respondents (52%) in Kazakhstan, by one third of the respondents in Belarus (42%) and Armenia (35%), and by one fourth of the respondents in Russia (23%). Social media had a similar popularity score (30% in all countries). That option was selected most frequently in Tajikistan (57%), Kyrgyzstan (40%), and Kazakhstan (38%). **Third place in the ranking of most popular sources of EAEU news in all countries was shared by television and information from colleagues or partners** (with an average of 25% of respondents selecting those options). Television as a source of EAEU news was equally frequently mentioned in Belarus (42%) and Kyrgyzstan (40%), while in the other countries that option was selected by 16–20% of respondents. Similarly, an average of 33% of the respondents in Armenia, Belarus, and Russia listed colleagues as a source of information about the Union, while in Kazakhstan and Kyrgyzstan that option was selected by 27% and 23% of the respondents, respectively.

An average of one quarter of the respondents from various countries mentioned as information resources websites of customs authorities (24%), with popularity of that source being the highest in Armenia and Russia (40% each), somewhat lower in Belarus (22%), and even lower in Kazakhstan (13%) and Kyrgyzstan (6%). **Sectoral and business associations and official websites of the EAEU international institutions proved to be equally popular in various countries**, with an average score of 14% each. Information provided by sectoral and business associations was most frequently used in Kazakhstan (25%) and Kyrgyzstan (20%), and somewhat less frequently in Belarus (18%) and Russia (17%). On the other hand, official websites of the EAEU international institutions were significantly more frequently used in Belarus (33%) and much more seldom in Kazakhstan (16%), Armenia (15%), and Russia (14%).

An average of 12% of the respondents obtained EAEU information and news from newspapers and magazines. In all countries, with the exception of Belarus where printed media were mentioned by 25% of the respondents, the frequency with which the respondents selected that option ranged from 9% to 11%. Specialised business websites were much less popular, with an average score of 10%, but the frequency with which those information resources were used by the respondents varied widely from country to country, reaching the maximum in Russia.

Radio was listed as a source of EAEU news in all countries, but its average score was merely 7%. It was used somewhat more frequently in Belarus (10%), Kyrgyzstan (9%), and Armenia (8%), more seldom in Russia and Tajikistan (5% each), and extremely seldom in Kazakhstan (2%).

Specialised newsletters were mentioned as a source of EAEU information only in three countries: by 20% of respondents in Kyrgyzstan (answering open-ended questions, they listed business association newsletters, Telegram chats, and the Chamber of Commerce and Industry), by 9% of the respondents in Russia (direct emails, Telegram newsletters, banks, expert centres, EAEU newsletters, consulting services, the Ministry of Industry and Trade, Rosspetsmash [the Russian Association of Manufacturers of Specialised Machinery and Equipment], etc.), and by only 3% of respondents in Belarus (direct emails from regional and city executive committees, the Ministry of Economy, the Ministry of Antimonopoly Regulation and Trade, etc.).

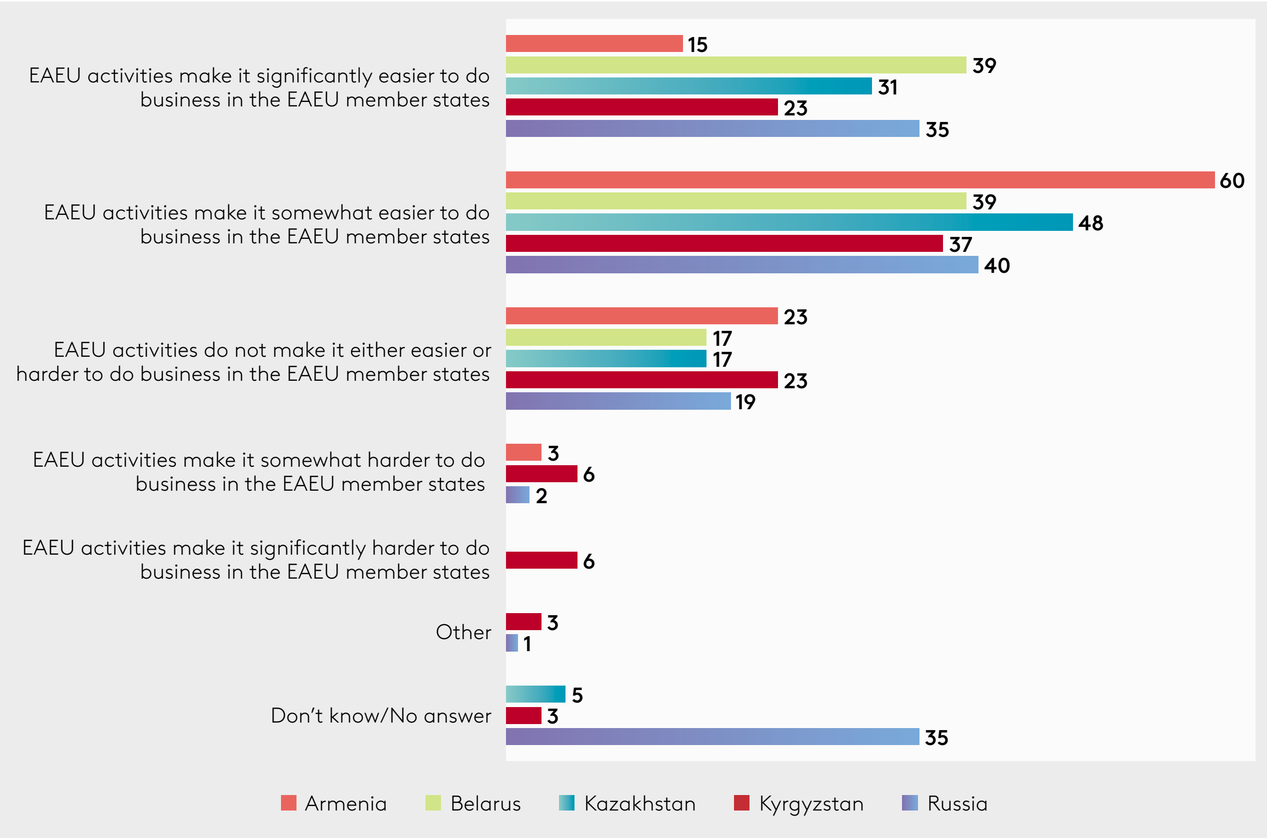
The option "other" was most frequently used by respondents from Kyrgyzstan (29% mentioned the Ministry of Economy, tax service websites, customs authorities, and legal information portals), Russia (13% mentioned the Ministry of Agriculture, service providers, audit companies, Rosstandart [the Federal Agency for Technical Regulation and Metrology] website, customs brokers), and Kazakhstan (9% mentioned Internet sources and Atameken [the National Chamber of Entrepreneurs of the Republic of Kazakhstan]).

CHAPTER 2. BUSINESS COMMUNITY INTEREST IN EURASIAN INTEGRATION

2.1. PERCEPTION OF EAEU BUSINESS SUPPORT CAPABILITIES

Most of the surveyed companies from all countries of the Union believe that EAEU activities make it easier to do business in the EAEU member states, "significantly" for some, "somewhat" for others: the shares of those two answers in Kazakhstan and Belarus were 79% and 78%, respectively, with 75% in Russia and Armenia, and 60% in Kyrgyzstan (see Figure 21). In Belarus and Kazakhstan, no companies maintain that activities of the EAEU make it harder to do business. Respondents from Russia found it difficult to answer that question more frequently than those from the other countries.

Figure 21. Respondents' Opinions of the EAEU (% of total respondents in each country)

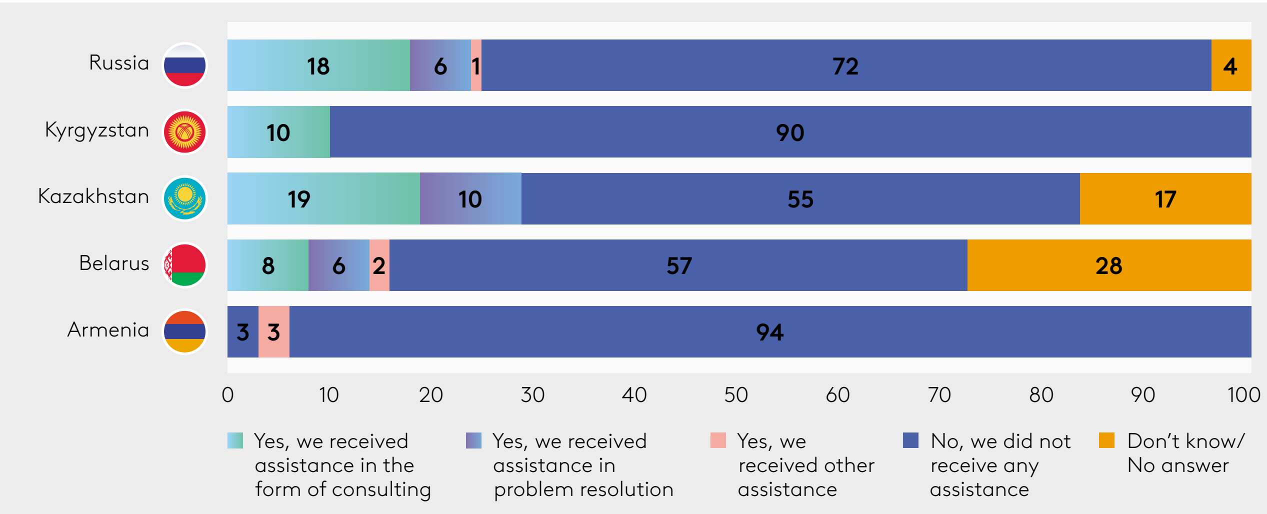


Companies from Kazakhstan and Russia received support from the EAEU institutions most frequently, as noted by 29% and 25% of all respondents, respectively (see Figure 22). The share of such companies in Belarus was also relatively high (16%). Armenia and Kyrgyzstan had the lowest shares of respondents that received EAEU support (6% and 10%, respectively).

Figure 22. Share of Respondents That Received Support from the EAEU (% of total respondents in each country)

Consulting was the most frequently used type of support (see Figure 23). Other types of support included provision of information (one company in Russia), assistance with completion of export formalities (one company in Belarus), and training opportunities (one company in Armenia).

Figure 23. Support Received from the EAEU Institutions by the Respondents (% of total respondents in each country)



The companies from Russia and Kazakhstan, both active proponents of Eurasian economic integration, were generally the best informed of how to obtain assistance and support from the EAEU institutions.

2.2. EXPECTATIONS FROM EAEU ACTIVITIES AND INTEREST IN EAEU EVENTS

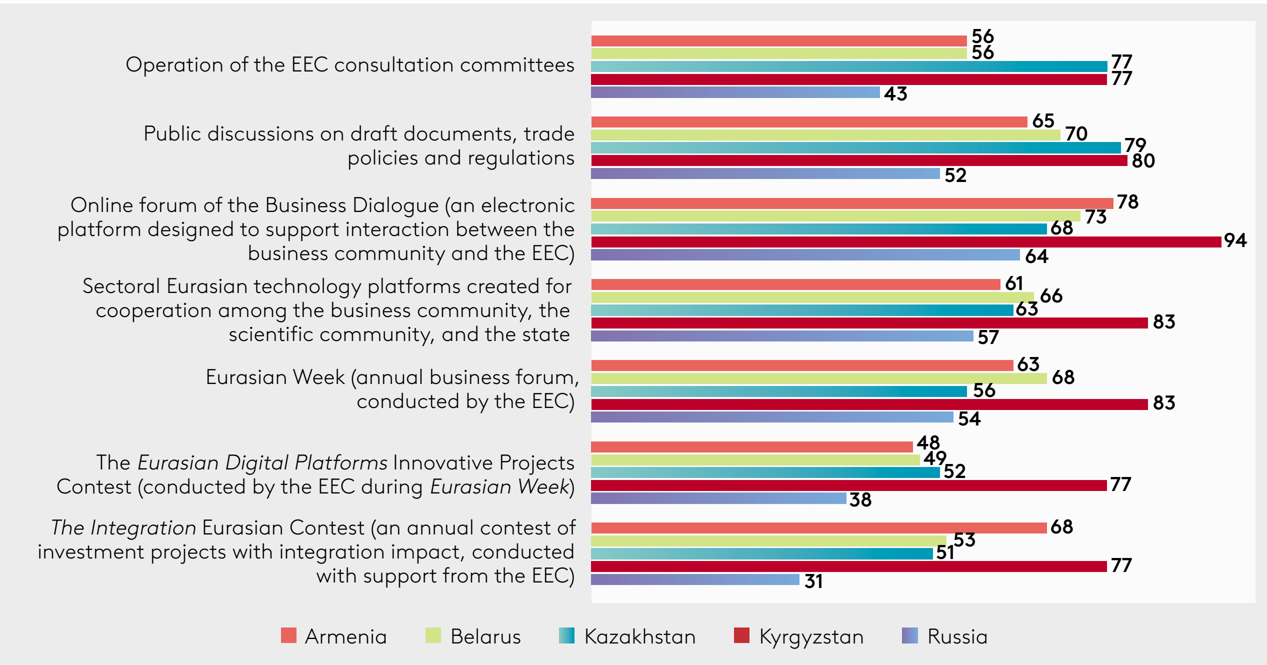
The respondents demonstrated an interest in business support events and tools of the EAEU. The charts below show the shares of respondents who displayed interest in certain business support forms available from the EAEU (see Figure 24).

Among the EAEU member states, companies from Kyrgyzstan were the most interested in business support events organised within the EAEU framework. Russian companies showed the least interest.

Representatives of the Union's business community were especially impressed with the online forum of the Business Dialogue (an electronic platform designed to support interaction between the business community and the EEC); the share of respondents willing to participate reached 94% in Kyrgyzstan, 78% in Armenia, 73% in Belarus, 68% in Kazakhstan, and 64% in Russia. Respondents from Kazakhstan were the most willing to participate in the operation of the EEC consultation committees (77%), and in public discussions on draft documents, trade policies, and regulations (79%). Respondents from Belarus also demonstrated significant interest in such public discussions (70%).

Participation in the Union-wide investment project contests *Eurasian Digital Platforms* and *Integration* evoked the least interest among the respondents. Interest in the contests varied widely from country to country. Perceived value of the contests was the lowest among Russian companies (38% were interested in participation in *Eurasian Digital Platforms*, and 31% in *Integration*), while in Kyrgyzstan the share of respondents willing to participate was rather high (77%).

Figure 24. Share of Respondents Interested in Involvement in Events Organised within the EAEU (% of total respondents in each country)



Respondents from some EAEU member states listed other events they might find interesting (see Table 1), including business forums, exhibitions, and workshops.

Table 1. Other Events and Business Support Formats That Might Be Interesting for the Surveyed Companies

Country	Events
Armenia	• Business forums • Sectoral expert meetings to share experience • Updates on changes in existing legislation
Kyrgyzstan	• Business forums and investor meetings, including online forums and meetings • National and international exhibitions • Education events and workshops
Russia	• Business forums on law enforcement practices conducted with invited speakers in the conventional (face-to-face) format • Access to information on forthcoming documents, simplified procedures, intergovernmental agreements • Participation in discussions on such documents • General website for familiarization with EAEU projects • Training workshops on local accounting practices • Receiving R&D grants • Food exhibitions

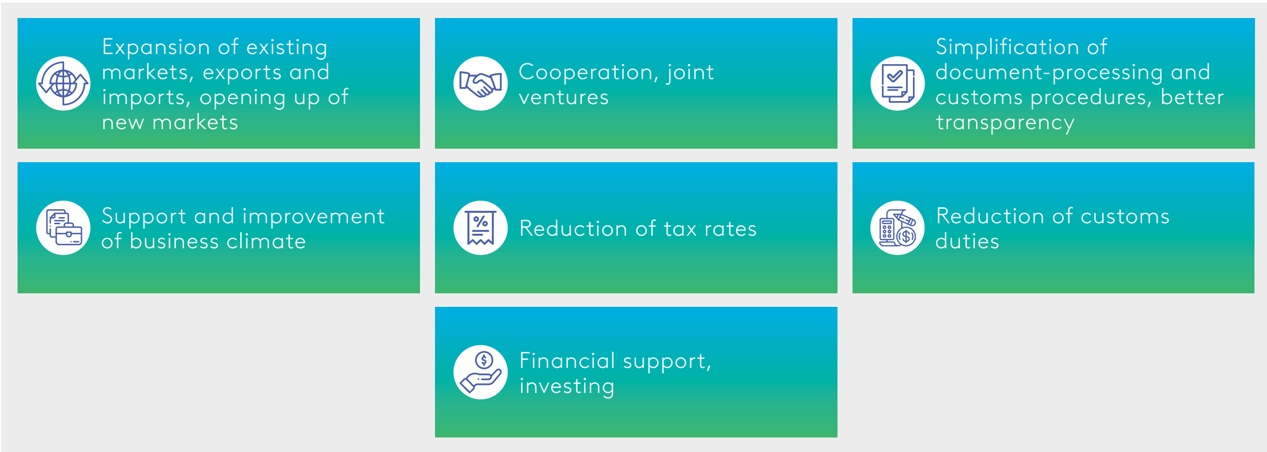
The respondents were primarily interested in obtaining information on the full range of Eurasian integration capabilities, and only then in exploring ways to build collaboration and become immersed in EAEU business processes.

The companies were asked an open-ended question on what support they would like to receive from the EAEU (see Figure 25a). **The respondents expect from the EAEU information and consultation support on various aspects of doing business. They are also interested in various forms of financial support.** Many respondents believe that the EAEU institutions could do more to promote cooperation and increase exports, and could play a special role in simplifying customs procedures and reducing duties, which would facilitate further cooperation. Finally, a number of respondents expect from the EAEU legal support and easing of the bureaucratic and tax burden.

Figure 25a. Support That the Respondents Would Like to Receive from the EAEU

The respondents were also asked an open-ended question regarding their expectations from the EAEU. Their answers were largely the same as those to the question on desirable support from the EAEU (see Figure 25b). Companies were most interested in expanding exports and imports, entering new markets, and simplifying customs rules and formalities whose complexity is, essentially, one of the key obstacles to entering new markets.

Figure 25b. Changes That the Respondents Expect from the EAEU



On the whole, the representatives of medium-sized and large businesses of the EAEU member states have a positive opinion of EAEU activities. Still, they were not fully aware of the ways in which the EAEU could help them develop their businesses.

In that connection, the respondents were interested in getting more detailed information on EAEU capabilities and on the structure of its laws and regulations. For that, it would be expedient to establish and expand special business venues for discussion and training, and to organise relevant forums. Over the long term, information transparency will help to build trust and, consequently, establish new partnerships and enhance cooperation. That, in turn, will enable the respondents to make better use of EAEU capabilities, and will be instrumental in advancing Eurasian integration.

CHAPTER 3. BUSINESS BARRIERS AND PERCEIVED EFFECTIVENESS OF EAEU ACTIONS

3.1. OBSTACLES TO DOING BUSINESS AND SOLUTIONS TO OVERCOME THEM

In all six EAEU member states, the surveyed companies have encountered various problems while conducting foreign economic activities (see Figure 26), **with various obstacles to Trade in Goods being the most widespread type of barriers** (see Figure 27). That is not surprising, as most companies in the sample maintain that trade is the main form of their interaction with the EAEU member states (see Figure 28). Trade in Services gives rise to considerably fewer problems. The exception to that is Kazakhstan, where almost 50% of the respondents indicated that they had encountered problems while trading in services.

Figure 26. Problems Emerging in Foreign Trade (% of the total number of respondents)

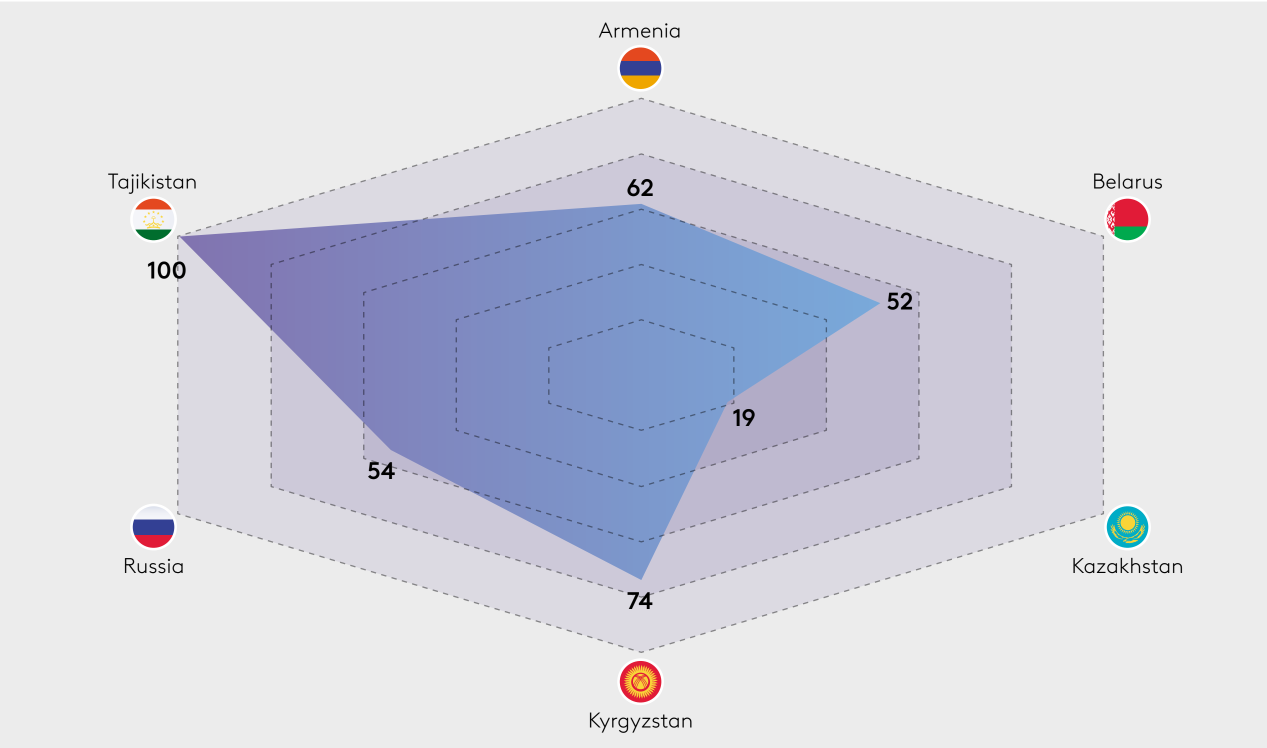


Figure 27. Most Problematic Areas in Foreign Trade (% of respondents in each country who said there were problems)

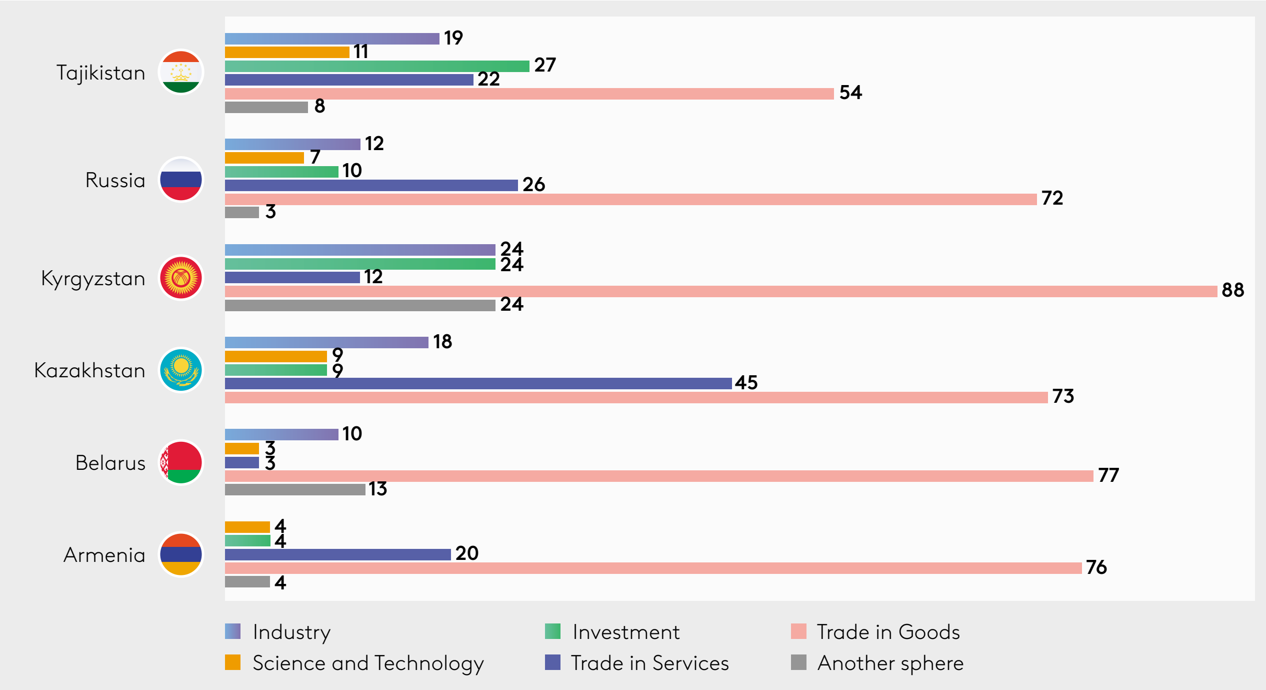
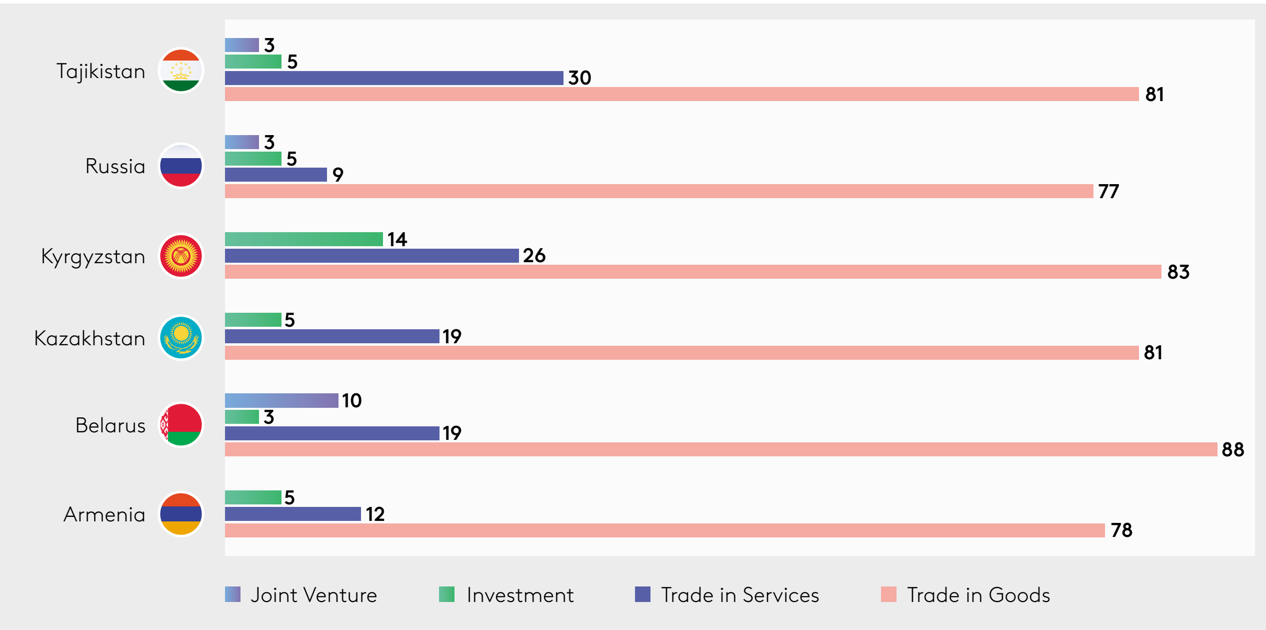


Figure 28. Areas of Cooperation with the EAEU Member States (% of total respondents in each country)



To analyse the barriers, the respondents were presented with two questions. First they were asked to answer an open-ended question, listing the barriers that their company had encountered in its trade with countries in the CIS region (see Figure 29); then a closed-ended question where the interviewers offered a specific list of barriers (see Table 2). The open-ended question was designed to identify the most urgent issues causing the greatest concern, while the purpose of the closed-ended question was to list less pressing problems which, nevertheless, gave rise to certain difficulties.

Figure 29. Obstacles to Foreign Trade with Countries in the CIS Region (% of total respondents in each country)

25%	Investment challenges: difficulties related to finding and retaining investors, insufficiently secure investments, lack of government support
20%	Customs clearance: delays, customs restrictions, problems with execution of required documents
15%	Logistics and delivery: delayed supplies, border-crossing difficulties, traffic jams
14%	Supplies: problems related to receipt of goods and services from third-party entities, shortage of raw materials, shortage of equipment
12%	Red tape: large number of documents, penalties, refusals citing incorrect execution of documents, protracted document review periods
8%	Certification: different certification and marking standards, inflated product quality requirements
7%	Laws and regulations: differences in the normative documents governing imports and exports, calculation of taxes
6%	Difficulties with finding reliable partners

The closed-ended question also helped to identify other problems. Besides technical barriers (marking, labelling, certification, etc.), customs clearance, and compliance with sanitary standards, the respondents most frequently mentioned the following: **(1) high competition; (2) lack of information about foreign markets and potential partners; (3) product sales restrictions; and (4) financial measures (regulations related to circulation of foreign currencies, payment terms, obtaining and utilizing loans to finance imports).** The least widespread problems were associated with export subsidies, protection of intellectual property rights, government procurement restrictions, and price control.

The risks of intense competition are most often encountered by companies from Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan when dealing with Russian companies which, in turn, cited competition-related challenges they face from Belarus and Kazakhstan. Respondents from Tajikistan and Kyrgyzstan noted similar risks posed by companies from Kazakhstan. A very similar distribution was recorded with respect to problems in customs clearance and compliance with sanitary standards, technical barriers, and lack of required information.

Table 2. Obstacles to Foreign Trade with the CIS Countries (% of total respondents in each country)

	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russia	Tajikistan
High competition	2	29	8	43	17	49
Customs and other formalities (requirement that formalities should be completed only at specific entry points, pre-shipment inspections)	10	8	5	40	21	30
Technical trade barriers (including marking, labelling, packaging, assessment for compliance with technical regulations in the EAEU or in specific countries of the region, testing, certification, etc.)	2	17	7	49	20	14
Lack of information about foreign markets and potential partners	0	12	2	40	14	32
Sanitary and phytosanitary measures	12	15	3	31	9	24
Financial measures, regulations related to circulation of foreign currencies, terms of payment for imported goods in the destination country, obtaining and utilising loans to finance imports; other financial measures in the destination country	5	5	0	26	15	27
Country of origin rule	0	2	2	29	14	19
Sales restrictions (e.g., restrictions on the sale of products in certain regions of the destination country)	5	12	3	29	3	14
Licensing, quotas, bans, and quantitative control measures other than sanitary and phytosanitary measures and technical barriers	0	5	2	20	13	24
Price control measures (imposition of price ceilings by government bodies in the destination country), including additional taxes and duties in the destination country	0	3	0	26	11	19
Conditional trade protection measures (antidumping investigations and duties, countervailing duties)	5	5	3	23	9	11
Export-related measures (export quotas, bans, and other quantitative restrictions on goods)	2	5	0	26	11	8
Measures affecting competition (existence of special importers in the destination country, mandatory use of national operators and insurers, etc.)	0	0	0	26	7	16
Differences between the obligations individually assumed by the EAEU member states within the WTO framework in order to reduce import customs duties	2	3	3	26	4	11
Restrictions in government procurement	0	5	0	26	3	0
Subsidies, including export subsidies (all forms of subsidies granted to manufacturers of similar products in the destination country)	0	5	2	20	3	3
Protection of intellectual property rights	0	2	0	23	4	0
Total (people)	25	36	14	27	63	37

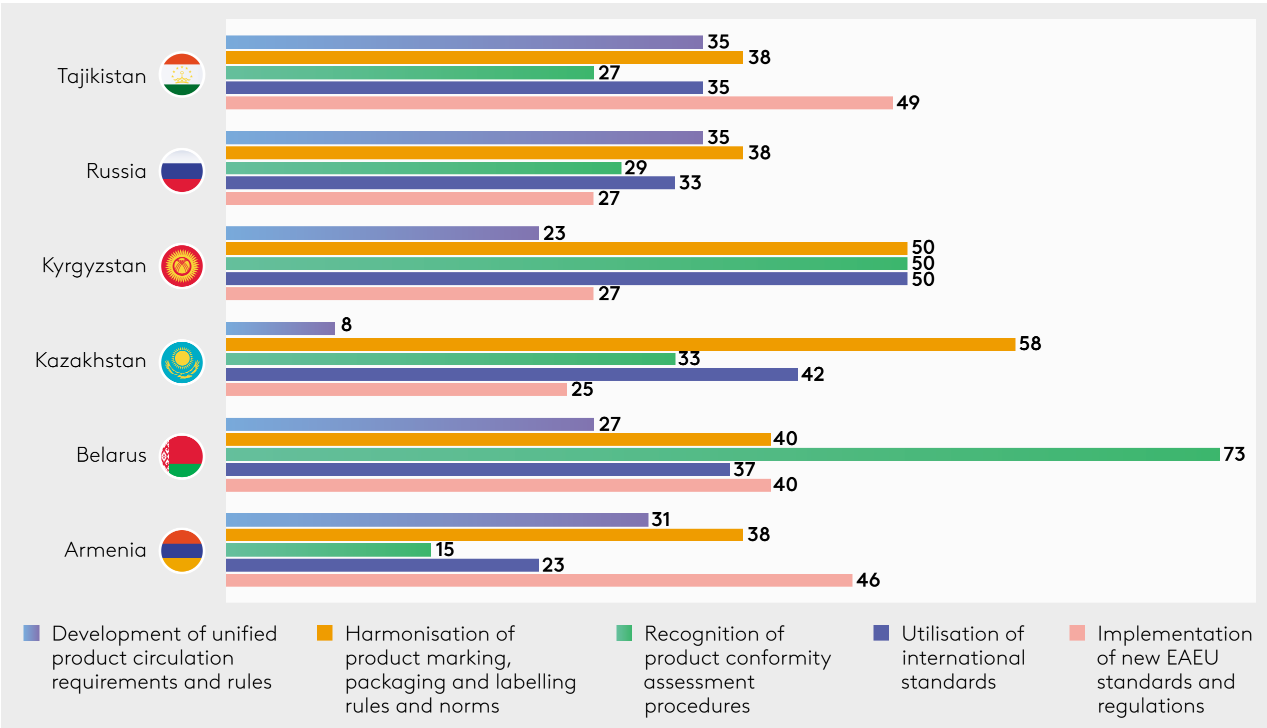
In addition to the barriers, more than half of the respondents in Armenia, Belarus, Kyrgyzstan, and Russia and about one third in Kazakhstan listed certain problems associated with EAEU operations, with the key areas of concern shown in Figure 30.

Figure 30. Areas of Concern Regarding EAEU Operations (% of respondents who said they had concerns)

14%	Formalistic nature of EAEU activities: delayed integration, unequal integration of member states, weak involvement of the business community
11%	Restrictions and duties: excessively stringent product requirements, border closing, bans and restrictions on supplies, customs formalities
11%	Risks related to economic and political instability
9%	Heightened competition due to entry of foreign players in local markets
7%	Lack of uniform normative base, and economic inequality of member states

The respondents were asked to select five key measures that might be instrumental in eliminating the aforementioned barriers and areas of concern (see Figure 31). The measures that were more popular (by a slim margin) included the following: in Armenia — implementation of new standards, in Belarus — recognition of product conformity assessment procedures, in Kazakhstan — harmonisation of product marking, labelling, and packaging rules and norms, recognition of conformity assessment procedures, and utilisation of international standards, and in Russia — harmonisation of rules and norms, and development of unified product circulation requirements and rules.

Figure 31. Possible Measures to Eliminate Foreign Trade Barriers (% of respondents in each country who mentioned the need for such measures)



The respondents also identified the most attractive and desirable business benefits and exemptions within the EAEU (see Figure 32).

Figure 32. Most Attractive and Desirable Business Benefits and Exemptions in the EAEU

20%	Soft loans: reduced interest rates, extended loan maturities
19%	Tax exemptions
19%	Customs exemptions: reduced customs duties, simplification and acceleration of customs clearance

It should be stressed that the barriers identified by the respondents, and priority steps that, in their opinion, must be taken to eliminate problems, reflected their experience doing business not only in the EAEU, but also in the CIS region. That applied information can be usefully employed by government bodies, international organisations, and business associations as they take appropriate steps to support companies and stimulate business activity.

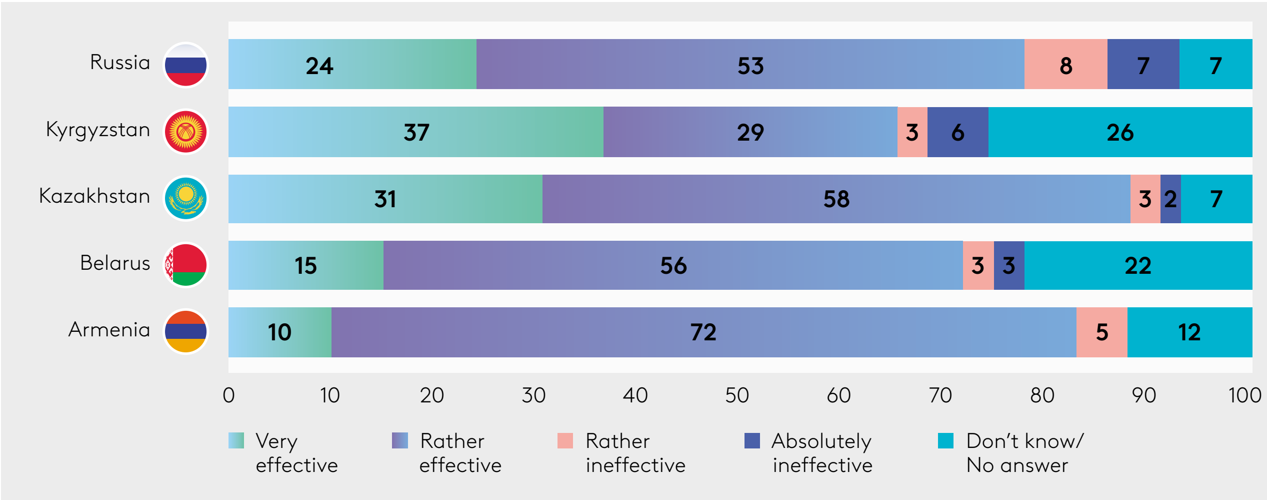
For companies from Tajikistan (not an EAEU member state), it is important to understand how the country's membership in the Union could help overcome the barriers listed above. Several respondents from Tajikistan noted that they were interested in their country acceding to the EAEU. This survey helps to identify additional drivers that may encourage Tajikistan to move towards Eurasian economic integration.

3.2. EFFECTIVENESS OF FREE TRADE AREAS

Before being asked a question about the free trade areas, the respondents were provided with a brief definition and were informed that the EAEU already had FTA agreements with Vietnam, Iran, Serbia, and Singapore, was conducting FTA negotiations with Egypt, Israel, India, and Indonesia, and was looking at the prospects of establishing an FTA with Mongolia. The respondents were asked to assess the effectiveness of such areas, to specify possible reasons for their ineffectiveness, and to list countries with which it would be expedient to enter into free trade area agreements.

The surveyed companies have a generally favourable view of the effectiveness of free trade areas. More than 60% of respondents in all countries selected the options "very effective" or "rather effective" (see Figure 33). Those two options were most frequently selected by the respondents from Kazakhstan (with an aggregate score of 89%), and Armenia (82%).

Figure 33. Assessment of Effectiveness of Free Trade Areas (% of total respondents in each country)



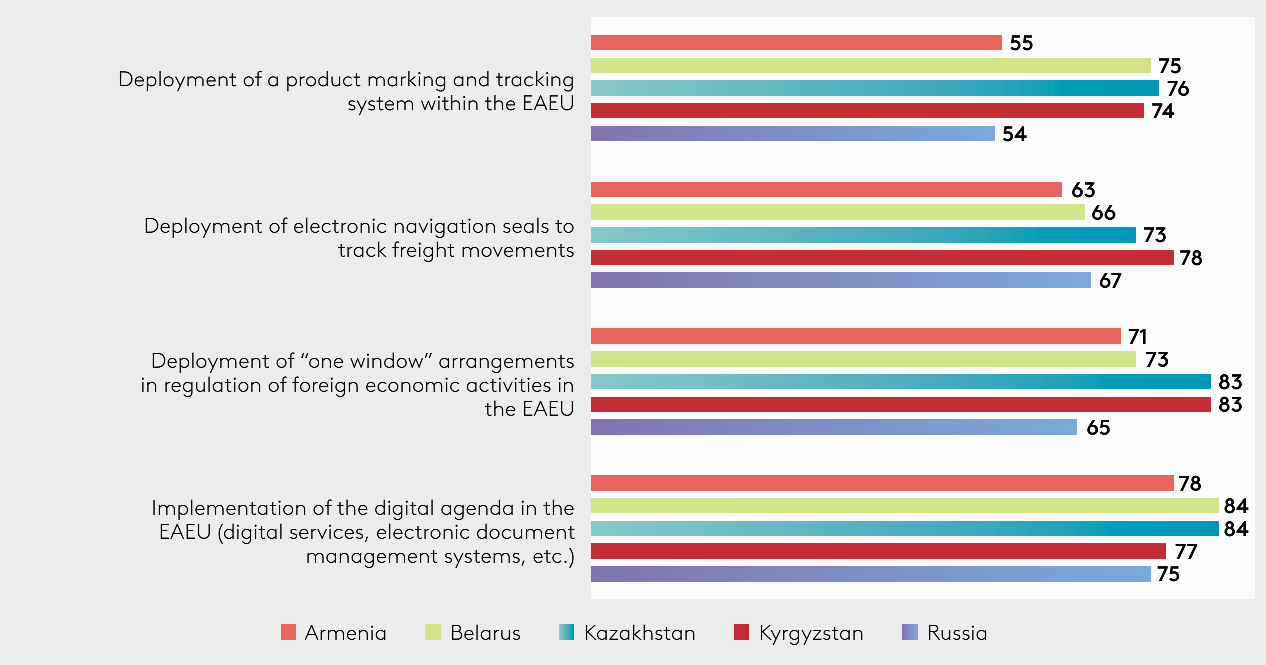
In terms of the preferred vector of geographical expansion of FTAs, China was the absolute leader; Turkey, Uzbekistan, and some EU countries, such as Germany and Poland, were also quite popular, followed by Ukraine, India and the United Arab Emirates.

3.3. PERCEIVED EFFECTIVENESS OF EAEU BUSINESS SUPPORT MEASURES

The respondents assigned rather high ratings to the business support measures implemented in the EAEU (see Figure 34). **The digital agenda in the EAEU (deployment of digital services, electronic document management systems, etc.) had the highest score.** That innovation was judged "effective" or "rather effective" by the overwhelming majority of respondents in Kazakhstan (84%), Belarus (84%), Russia (75%), Kyrgyzstan (74%), and Armenia (71%). Companies from Kyrgyzstan had an even more favourable opinion of the effectiveness of the "one window" system in regulation of the EAEU's foreign economic activities (83%).

The system used for product marking and tracking within the EAEU was deemed to be the least effective. That was primarily true for Armenia and Russia, where it was described as "effective" or "rather effective" by slightly more than half of the respondents: 55% and 54%, respectively. In Belarus, Kazakhstan, and Kyrgyzstan, the innovation was highly valued by 75% of the respondents.

Figure 34. Share of Respondents Considering Certain Actions Taken within the EAEU to Be Effective (% of total respondents in each country)

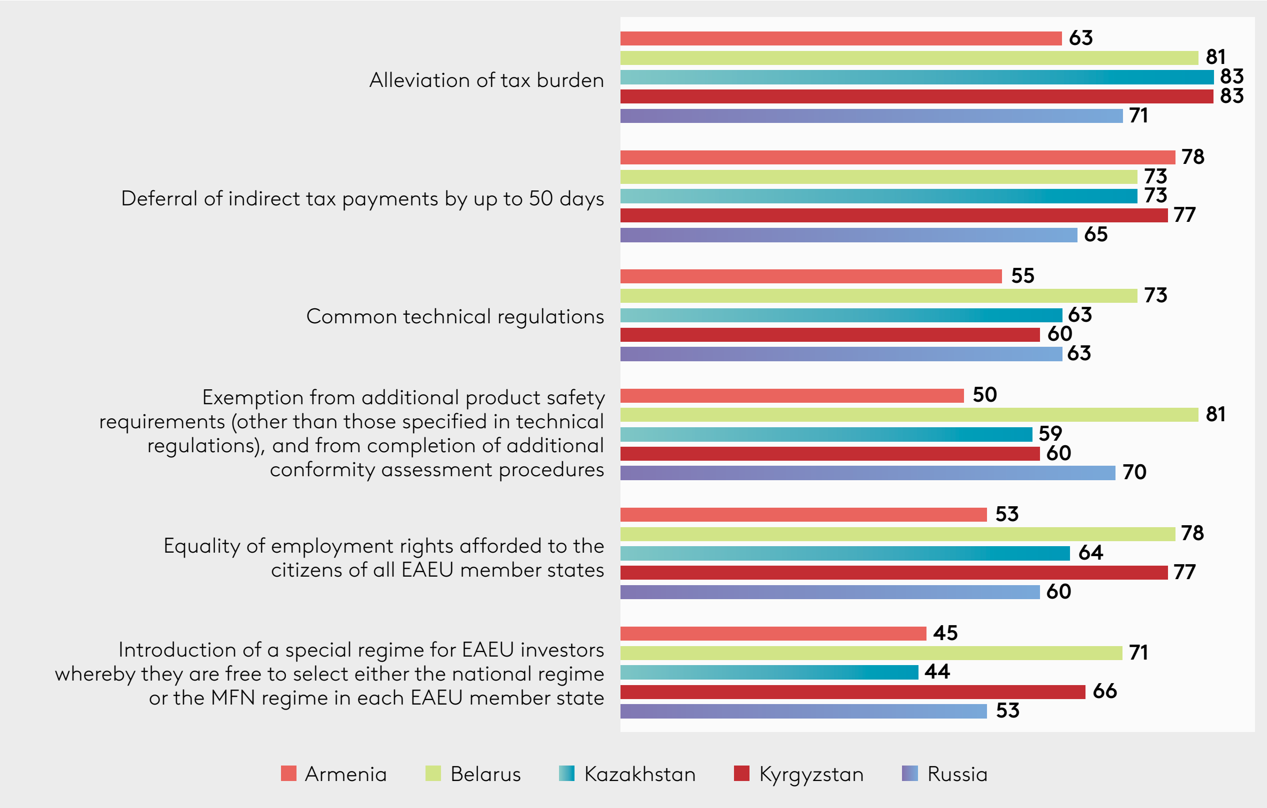


The surveyed companies have a **favourable view of the impact that certain decisions approved by the EAEU bodies have on doing business** (see Figure 35). In the opinion of most respondents, those decisions make the conduct of foreign economic activities in all the countries rather easier.

The respondents were asked to assess the effectiveness of a number of business decisions approved by the EAEU bodies. The highest ratings were assigned to alleviation of the tax burden, the lowest to introduction of a special regime for EAEU investors where they are free to select either the national regime or the MFN regime in each EAEU member state.

As for country differences, the share of respondents believing that EAEU decisions made the conduct of foreign economic activities easier was the highest in Belarus. In that country, most respondents maintained that doing business was made easier by the following factors: exemption from additional product safety requirements (81%), equality of employment rights accorded to the citizens of all EAEU member states (78%), common technical regulations (73%), and a special regime for member-state investors (71%). EAEU decisions also enjoyed relatively high support in Kyrgyzstan where, in the opinion of the respondents, doing business was made easier by alleviation of the tax burden (83% of the respondents), deferral of indirect tax payments for up to 50 days (77%), and equality of employment rights accorded to the citizens of all EAEU member states (66%). In Armenia, on the contrary, support of all decisions is the lowest, with the exception of deferral of indirect tax payments by up to 50 days. In Russia, the share of respondents believing that deferral of indirect tax payments by up to 50 days made the conduct of foreign economic activities easier (65%) was lower than in the other countries. Respondents from Kazakhstan assigned relatively high effectiveness scores to alleviation of the tax burden (83% were of the opinion that that decision makes doing business easier), and relatively low effectiveness scores to introduction of a special regime for EAEU investors (44% thought that that decision makes doing business easier).

Figure 35. Share of Respondents Believing That Decisions Made within the EAEU Framework Make the Conduct of Foreign Economic Activities Easier (% of total respondents in each country)



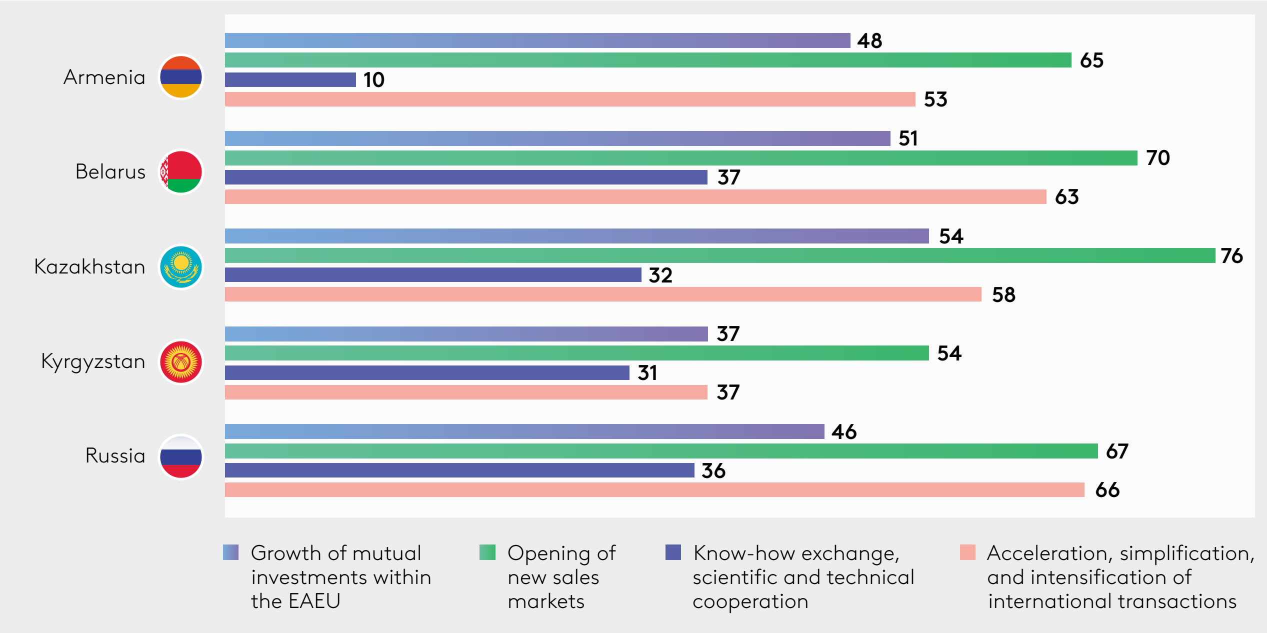
The respondents had a relatively favourable opinion of EAEU achievements since 2015 (see Figure 36). Those achievements received the highest scores in Belarus, Kazakhstan, and Russia (an average of 55% in each), and the lowest score in Kyrgyzstan (about 40%).

In all the countries, opening of new sales markets is valued most highly, while achievements in the area of know-how exchange and scientific and technical cooperation are valued the least. Respondents from Kazakhstan (76%) and Belarus (70%) believe that progress has been made in opening new sales markets.

Successes in know-how exchange and scientific and technical cooperation received rather modest ratings. In Armenia and Kyrgyzstan, the share of respondents believing that efforts in that area had not been successful was 58% and 49%, respectively, which is higher than the share of those holding the opposite view. In Russia and Kazakhstan, the shares of respondents believing that efforts in this area had been successful and unsuccessful were virtually the same.

Progress in growth of mutual investments within the EAEU earned the highest ratings in Kazakhstan (where 54% of respondents said they believed that progress has been made in that area), and Belarus (51%), with the lowest rating recorded in Kyrgyzstan (only 37%). Also, 54% of respondents from Kyrgyzstan believed that progress has been made in opening new sales markets, while 40% noted lack of success in the acceleration, simplification, and intensification of international transactions (the share of respondents holding the opposite view was virtually the same).

Figure 36. Share of Respondents Believing That the EAEU Has Achieved Certain Changes Since 2015 (% of total respondents in each country)



The respondents were also asked a question regarding the effectiveness of EAEU operations. Their answers were largely the same as those given to the question about desired support and expectations from the EAEU, as discussed in Chapter 2. **The respondents also noted the need for financial support, elimination of barriers, and disclosure of information on EAEU capabilities.** When answering this question, the respondents mentioned the need to take into consideration the opinions of the private sector, develop uniform standards, and establish rapid response agencies (see Figure 37). Several respondents said it was also necessary to increase the number of meetings and forums among EAEU member states.

Figure 37. What Needs to Be Improved in the EAEU?

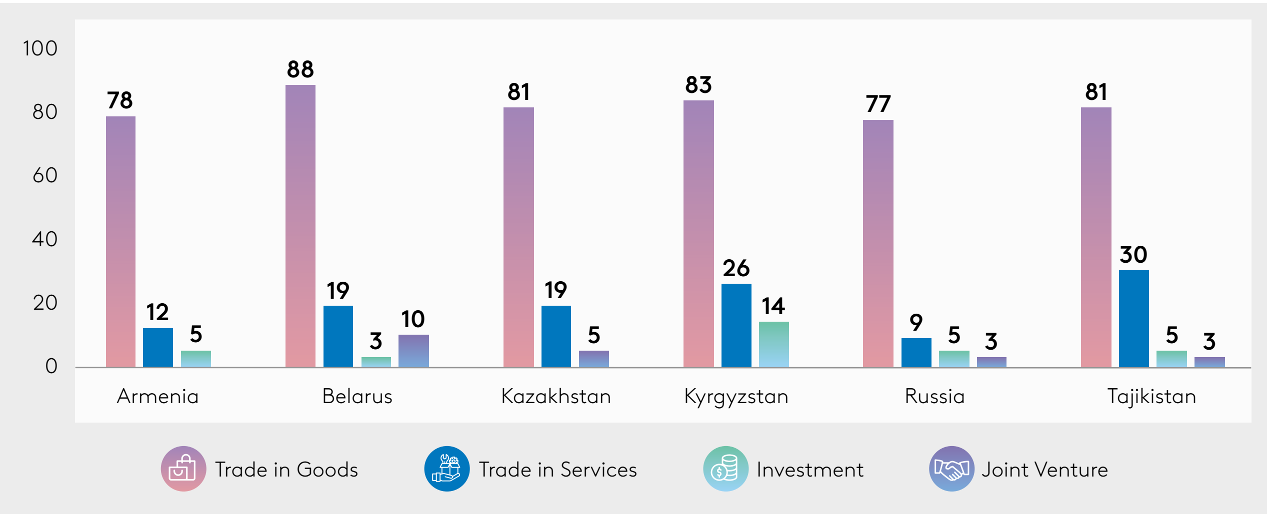
CHAPTER 4. CURRENT AND FUTURE AREAS OF INTER-FIRM COOPERATION

4.1. GEOGRAPHY AND AREAS OF COOPERATION

This section is dedicated to existing and prospective geographical markets in Trade, Industry, Investment, and Science and Technology (S&T). We look at the preferences of the six EDB member states with respect to the following 12 countries in the CIS region: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, and Ukraine.

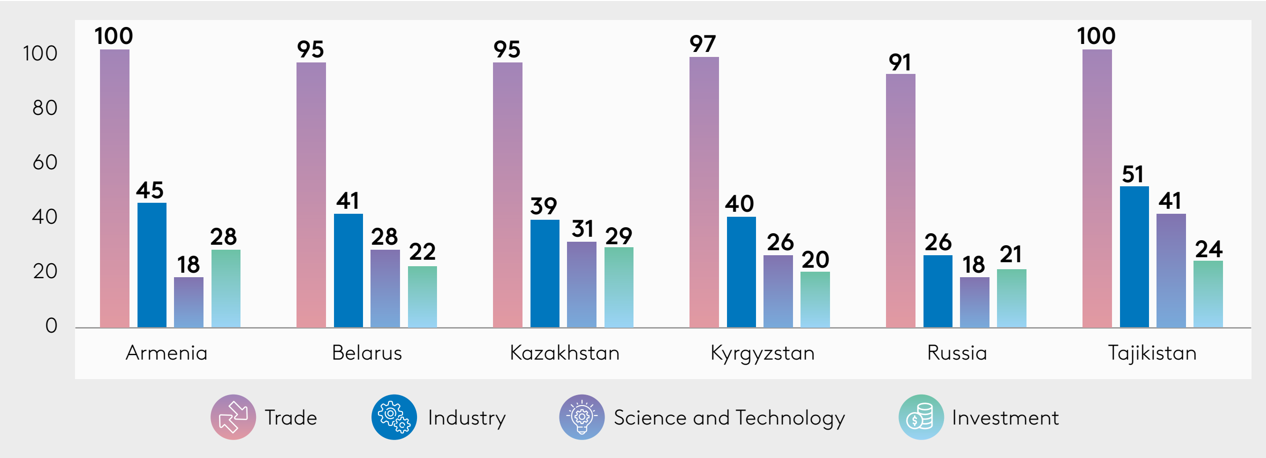
More than 80% of the companies surveyed in the six countries have either partners or customers in the EAEU member states. Trade is the main area of mutual cooperation, with about 80% of respondents in all countries selecting that option. Trade in Services received the second-highest score (an average of about 20%). Investment and Joint Ventures wound up on the periphery (see Figure 38).

Figure 38. Share of Respondents with Customers/Business Partners from the EAEU Member States (% of total respondents in each country)



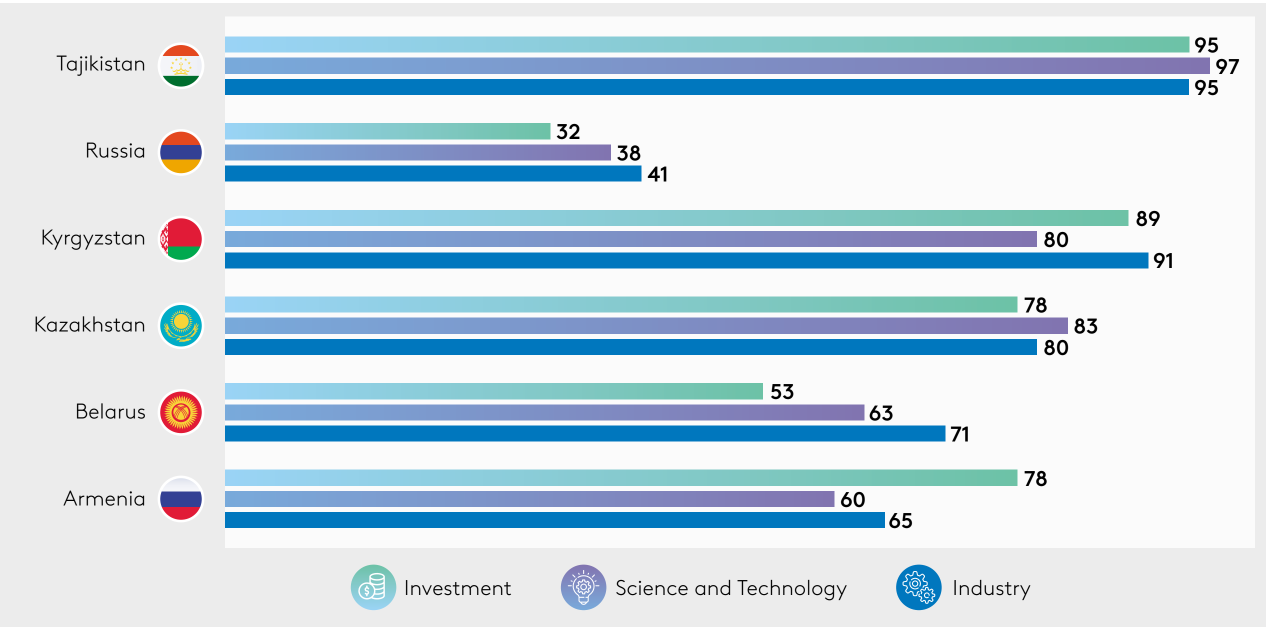
A similar trend exists for a wider range of countries: more than 90% of respondents indicated that Trade held the dominant position (see Figure 39). The second most popular area of cooperation was Industry (with an average score of 40%), with S&T and Investment represented to a lesser degree.

Figure 39. Current Priority Areas of Cooperation between the Respondents and the Countries of the CIS Region (% of total respondents in each country)



As for prospective areas of further cooperation between the companies from the six countries and the countries of the CIS region, Industry, Investment, and S&T earned high scores in virtually all the surveyed countries (see Figure 40). Russia was an outlier, with significantly lower scores: only 30–40% of respondents selected at least one former USSR country as a potential counterparty in the three areas of cooperation listed above. In the other five countries, that indicator reached an average of about 80%, while in Tajikistan it was close to 100%.

Figure 40. Promising Areas of Cooperation between the Respondents and the Countries of the CIS Region (% of total respondents in each country)



In geographical terms, the six countries under review had certain differences, but Russia tended to be the most often preferred partner in Trade, Industry, S&T, and Investment. A more granular country-by-country analysis follows.

Armenia

Business has a distinct local flavour in Armenia. Virtually all sectors (with the exception of Trade) are dominated by Armenian partners, with local counterparty scores ranging from 65% to 83%, depending on the specific area of cooperation. The widest geographical coverage was noted for S&T and Trade, with numerous ongoing projects with Belarus, Georgia, and Ukraine, while contacts with Kazakhstan, Uzbekistan, Moldova, Turkmenistan, and Tajikistan are somewhat less pronounced. In Industry and Investment, the respondents listed only one partner country, Russia (see Table 3).

There is not much difference observed between real and desired cooperation. In fact, Armenian companies want to expand their existing contacts, primarily with Russia. In addition, there is a perceived need to deepen local markets and markets in Belarus, Georgia, Ukraine, and Kazakhstan.

Table 3. Partners of Armenia (% of total respondents engaged in international cooperation in each area)

	Actual				Potential		
	Trade	Industry	S&T	Invest-ment	Industry	S&T	Invest-ment
Armenia	**65**	**83**	**71**	**82**	**23**	**17**	**26**
Belarus	**30**	**0**	**29**	**0**	**15**	**25**	**13**
Kyrgyzstan	0	0	0	0	8	4	0
Kazakhstan	**10**	**0**	**29**	**0**	**12**	**13**	**10**
Tajikistan	3	0	0	0	8	4	0
Russia	**93**	**28**	**57**	**27**	**73**	**88**	**81**
Uzbekistan	13	0	0	0	12	4	0
Ukraine	**23**	**0**	**14**	**0**	**12**	**17**	**16**
Moldova	5	0	0	0	8	4	3
Azerbaijan	0	0	0	0	0	0	0
Turkmenistan	5	0	0	0	12	4	3
Georgia	**30**	**0**	**14**	**0**	**27**	**17**	**26**
Total (people)	40	18	7	11	26	24	31

Potential Partners of Armenia

Belarus

The companies from Belarus have more diversified markets and a less distinct bias (compared to Armenia) in favour of local counterparties. Their main partner is Russia. In Trade, the Belarusian companies are engaged in intense cooperation with companies from Kazakhstan and Ukraine. They also have partners from Armenia, Moldova, Azerbaijan, Kyrgyzstan, Tajikistan, and Georgia. In Industry, S&T, and Investment, Kazakhstan and Ukraine were selected in addition to Russia, but much more seldom than in Trade (see Table 4).

Markets that are potentially attractive for the companies from Belarus are largely the same as those with which they are actually cooperating. Again, Russia holds the dominant position, with Kazakhstan and Ukraine mentioned as potential partners more often than other countries.

Table 4. Partners of Belarus (% of total respondents engaged in international cooperation in each area)

	Actual				Potential		
	Trade	Industry	S&T	Invest-ment	Industry	S&T	Invest-ment
Armenia	38	8	0	8	10	3	0
Belarus	59	46	38	31	10	14	6
Kyrgyzstan	34	17	0	0	5	3	0
Kazakhstan	**57**	**29**	**13**	**23**	**24**	**35**	**19**
Tajikistan	27	13	6	15	2	5	3
Russia	**95**	**79**	**69**	**85**	**81**	**92**	**84**
Uzbekistan	38	13	13	0	14	11	6
Ukraine	**64**	**29**	**13**	**15**	**29**	**27**	**3**
Moldova	38	17	0	0	7	5	0
Azerbaijan	38	8	0	8	10	5	3
Turkmenistan	20	13	0	8	5	0	0
Georgia	32	8	0	0	14	5	0
Total (people)	56	24	16	13	42	37	31

Potential Partners of Belarus

Kazakhstan

In Kazakhstan, the list of preferred Trade partners (besides Russia) includes Kyrgyzstan, Uzbekistan, Belarus, and Ukraine. Armenia, Tajikistan, and Turkmenistan have modest scores. In Industry, companies from Kazakhstan also work with Kyrgyzstan; in S&T and Investment — with Belarus, Armenia, Kyrgyzstan, and Uzbekistan. In addition, some companies from Kazakhstan mentioned investment projects in Ukraine, Moldova, Azerbaijan, Turkmenistan, and Georgia (see Table 5).

Russia, Belarus, and Kyrgyzstan are the most attractive potential partners of Kazakhstan's respondents in Industry, S&T, and Investment. In Industry, there is also some interest in cooperation with Armenia, Uzbekistan, and Georgia.

Table 5. Partners of Kazakhstan (% of total respondents engaged in international cooperation in each area)

	Actual				Potential		
	Trade	Industry	S&T	Invest-ment	Industry	S&T	Invest-ment
Armenia	9	0	17	12	15	8	0
Belarus	21	9	28	24	40	27	37
Kyrgyzstan	34	13	6	18	19	12	15
Kazakhstan	0	0	0	0	0	0	0
Tajikistan	9	4	0	18	9	6	9
Russia	**88**	**100**	**67**	**71**	**68**	**80**	**89**
Uzbekistan	21	4	17	12	17	2	11
Ukraine	13	0	0	12	4	12	4
Moldova	0	0	0	12	2	4	2
Azerbaijan	4	0	0	12	6	6	4
Turkmenistan	7	0	0	18	2	2	2
Georgia	5	0	0	18	15	4	0
Total (people)	56	23	18	17	47	49	46

Potential Partners of Kazakhstan

Russia **Ukraine** **Belarus** **Kyrgyzstan** **Uzbekistan**

Kyrgyzstan

The local component is less pronounced in Kyrgyzstan than in Armenia. In Trade, intense cooperation (besides with Russia) is under way with Kazakhstan and, to a lesser extent, Uzbekistan. Some companies work with Belarus, Tajikistan, and Ukraine. In Industry, cooperation with Russia is traditionally dominant, but there are also some counterparties from Kazakhstan, Uzbekistan, and Belarus. Kazakhstan and Uzbekistan hold the leading positions in Investment and S&T (see Table 6). In terms of future cooperation prospects, Russia remains the most attractive destination. In addition, the respondents were willing to work with Kazakhstan, Belarus, Uzbekistan, and Ukraine.

Table 6. Partners of Kyrgyzstan (% of total respondents engaged in international cooperation in each area)

	Actual				Potential		
	Trade	Industry	S&T	Invest-ment	Industry	S&T	Invest-ment
Armenia	6	0	0	0	0	0	6
Belarus	**15**	**21**	**0**	**0**	**25**	**18**	**10**
Kyrgyzstan	6	14	22	43	3	0	13
Kazakhstan	**62**	**29**	**33**	**43**	**50**	**36**	**42**
Tajikistan	15	0	0	0	0	0	10
Russia	**74**	**71**	**78**	**71**	**97**	**100**	**94**
Uzbekistan	**35**	**14**	**0**	**14**	**34**	**4**	**32**
Ukraine	**9**	**7**	**11**	**0**	**13**	**18**	**10**
Moldova	0	0	0	0	0	0	6
Azerbaijan	6	0	0	14	3	4	6
Turkmenistan	6	0	0	0	0	0	10
Georgia	9	0	0	0	0	0	6
Total (people)	34	14	9	7	32	28	31

Potential Partners of Kyrgyzstan

Russia

The Russian companies have the most diversified external markets in all four areas under review, but especially in Trade. The local component in Russia is also clearly visible: 43% to 60% of respondents indicated they were working with Russian counterparties. Among the countries of the former USSR, the surveyed Russian companies most actively partnered with counterparties from Kazakhstan, Belarus, and Armenia. Kyrgyzstan, Ukraine, and Azerbaijan were mentioned more seldom (see Table 7).

In terms of potentially attractive destinations, less than half of the surveyed Russian companies indicated they were willing to continue to expand their cooperation with the countries of the CIS region. They noted there was some need for more extensive cooperation with Kazakhstan, Belarus, Armenia, and Ukraine.

Table 7. Partners of Russia (% of total respondents engaged in international cooperation in each area)

	Actual				Potential		
	Trade	Industry	S&T	Invest-ment	Industry	S&T	Invest-ment
Armenia	**45**	**11**	**21**	**17**	**23**	**17**	**18**
Belarus	**81**	**50**	**37**	**26**	**55**	**51**	**35**
Kyrgyzstan	**36**	**14**	**5**	**13**	**16**	**10**	**3**
Kazakhstan	**70**	**46**	**32**	**22**	**43**	**41**	**35**
Tajikistan	20	0	0	0	11	5	6
Russia	**60**	**43**	**53**	**52**	**30**	**32**	**32**
Uzbekistan	40	11	5	4	16	15	12
Ukraine	**32**	**7**	**11**	**0**	**20**	**20**	**9**
Moldova	26	4	5	4	9	10	15
Azerbaijan	**31**	**14**	**11**	**9**	**18**	**17**	**24**
Turkmenistan	13	4	11	4	11	7	3
Georgia	22	7	11	0	16	17	18
Total (people)	97	28	19	23	44	41	34

Potential Partners of Russia

Kazakhstan Ukraine Belarus Armenia Kyrgyzstan

Tajikistan

In Tajikistan, the extent of involvement in cooperation with local counterparties varies depending on the area of cooperation, with Trade and Investment getting the lowest and highest scores, respectively. Active international cooperation is under way with Kazakhstan, Uzbekistan (excluding Investment), Belarus, and Kyrgyzstan (excluding S&T) (see Table 8).

Respondents from Tajikistan indicated that Russia is the most appealing foreign market, followed by Uzbekistan, Kazakhstan, and Belarus.

Table 8. Partners of Tajikistan (% of total respondents engaged in international cooperation in each area)

	Actual				Potential		
	Trade	Industry	S&T	Invest-ment	Industry	S&T	Invest-ment
Armenia	0	0	0	0	9	8	3
Belarus	**32**	**16**	**7**	**22**	**23**	**25**	**9**
Kyrgyzstan	**22**	**11**	**0**	**11**	**11**	**8**	**11**
Kazakhstan	**54**	**26**	**13**	**11**	**34**	**19**	**40**
Tajikistan	**3**	**11**	**27**	**67**	**6**	**6**	**3**
Russia	**70**	**68**	**67**	**33**	**77**	**86**	**80**
Uzbekistan	**46**	**53**	**20**	**0**	**66**	**44**	**37**
Ukraine	8	0	7	0	9	6	0
Moldova	0	0	7	0	9	6	0
Azerbaijan	3	0	0	0	9	11	3
Turkmenistan	3	0	7	0	11	6	0
Georgia	0	0	0	0	9	11	3
Total (people)	37	19	15	9	35	36	35

Potential Partners of Tajikistan

Russia Kazakhstan Ukraine Belarus Uzbekistan

4.2. COOPERATION PRIORITIES OF NON-COMMODITY COMPANIES IN INVESTMENT, S&T, AND INDUSTRY

Many surveyed companies were classified as belonging to the non-commodity sector of the economy (see Table 2 in the section Research and Data Analysis Methodology). Accordingly, the overwhelming majority of the trends identified during the main dataset analysis are also true for the sample of non-commodity companies[1].

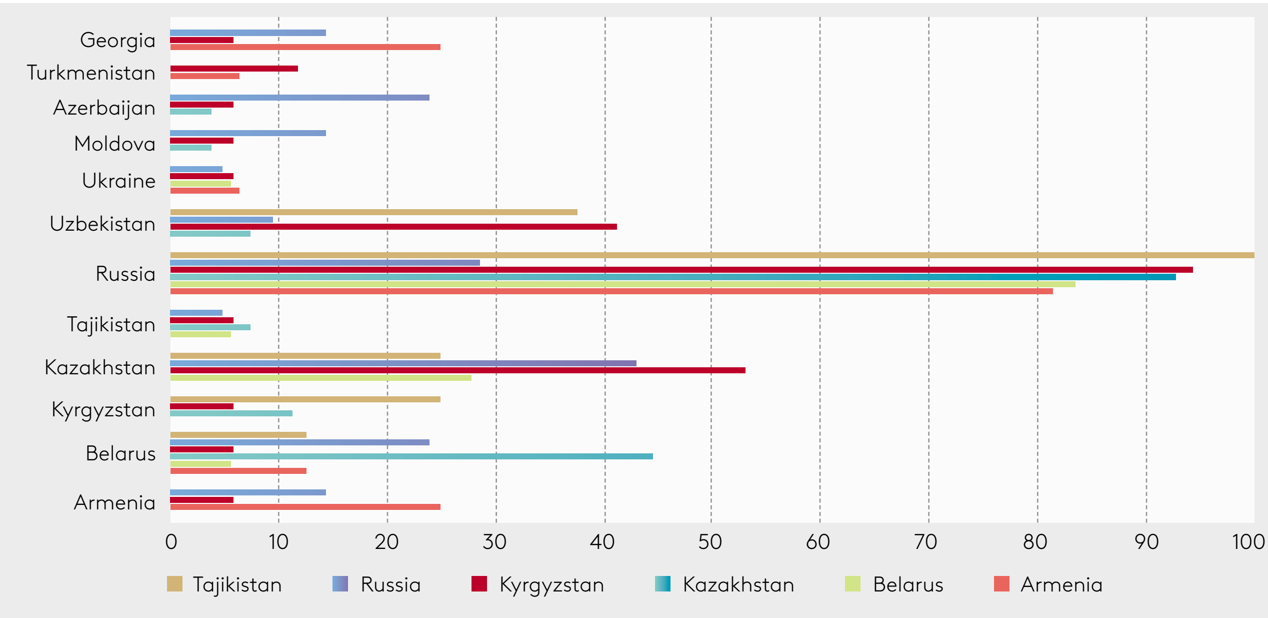
Opinions of Non-Commodity Companies about Investment Cooperation

The percentages of companies that did not list any countries as prospective Investment cooperation partners varied widely from country to country. The highest scores were recorded in Russia (70%) and Belarus (49%). In Tajikistan, all non-commodity companies indicated that they had promising partners in the countries of the CIS region.

Distribution of investment cooperation priorities of non-commodity companies in the CIS region is described below. **Almost half of all non-commodity companies (45%) described cooperation with Russia as the absolute priority.** Russia was followed by Kazakhstan (14%), Belarus (12%), and Uzbekistan (8%) (see Figure 41).

The overwhelming majority of Russian non-commodity companies were not interested in expanding Investment cooperation with any countries of the CIS region. Only the EAEU member states (primarily Kazakhstan and Belarus) expressed some interest.

Figure 41. Distribution of Responses by Non-Commodity Companies to the Question about Prospective Investment Partners (% of total respondents that listed any countries)



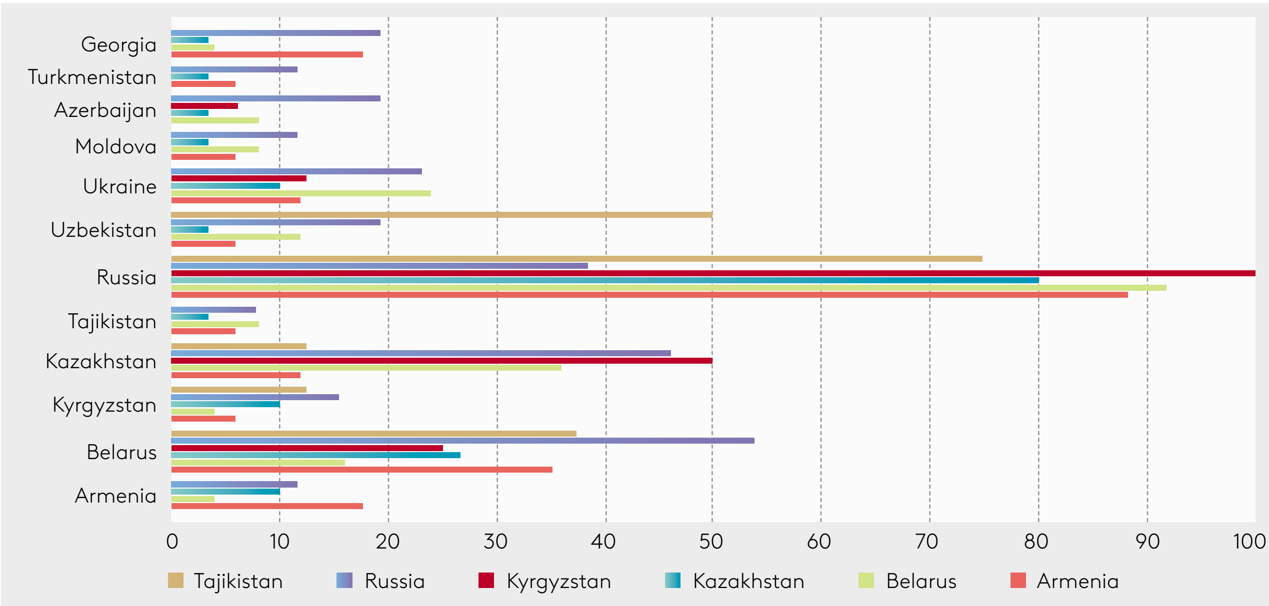
[1] Note: the sample of non-commodity companies includes all sectors with the exception of the following: Extraction of Mineral Resources, Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles, Household Appliances, and Personal Use Items.

Opinions of Non-Commodity Companies about Science and Technology Cooperation

The share of respondents from non-commodity companies that did not list any countries of the CIS region as prospective Science and Technology cooperation partners was much higher in Russia than in the other countries, at 63%. Russia was followed by Belarus, where 29% of respondents did not list any countries. In Tajikistan, all companies listed at least one country. The high share of respondents that did not list any countries as prospective cooperation partners may indicate that some non-commodity companies in the Eurasian space are oriented beyond the boundaries of the Eurasian economic integration area.

Russia is the most often preferred Science and Technology cooperation partner among the countries of the CIS region (51%) (see Figure 42). It was followed by Belarus (21%), Kazakhstan (17%), Ukraine (10%), and Uzbekistan (8%). Companies from Russia and Belarus are interested in Science and Technology cooperation with Ukrainian companies. The fact that Uzbekistan was listed as a priority cooperation partner by the surveyed companies demonstrates a certain level of interest in cooperation, which is important when discussing the prospects of that country's integration into the EAEU.

Figure 42. Distribution of Responses by Non-Commodity Companies to the Question: "With which countries would it be useful for your company to cooperate in Science and Technology — to implement joint research programmes, exchange knowledge, technologies, and scientific ideas?" (% of total respondents that listed any countries)



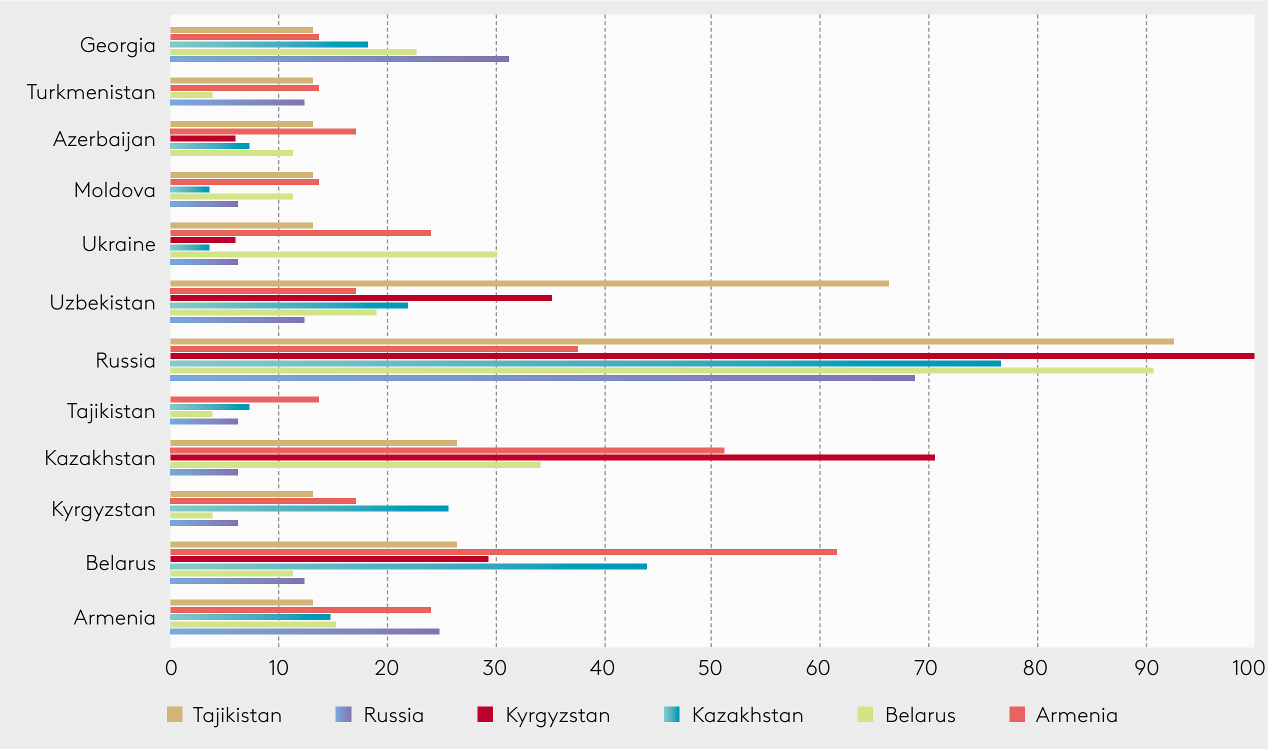
Cooperation Priorities of Non-Commodity Companies in Industry and Joint Manufacture of Goods

The share of non-commodity companies that failed to list any Industry cooperation partners in the CIS region was the highest in Russia (56%). That, however, was lower than the share of Russian companies that failed to list prospective cooperation partners in the Investment and S&T areas.

In Tajikistan, all surveyed non-commodity companies saw prospective partners in the countries of the CIS region.

Russia was also in first place in Industry cooperation (49%), followed by Belarus (23%), Kazakhstan (21%), Uzbekistan (16%), Georgia (11%), and Ukraine (10%) (see Figure 43). Only 25% of the surveyed non-commodity companies in Russia and 68% of such companies in Belarus demonstrated high mutual interest in cooperation in Industry and joint manufacture of goods.

Figure 43. Distribution of Responses by Non-Commodity Companies to the Question: "With which countries would your company like to expand cooperation in Industry (joint manufacture of goods)?" (% of total respondents that listed any countries)



4.3. HIGH-POTENTIAL BUSINESS DEVELOPMENT AREAS

In all the countries, respondents expressed a need to increase production capacity and expand mutual cooperation (see Figure 44). That need was the least pronounced in Armenia, where 60% of respondents noted it would be "interesting" or "rather interesting", and the most pronounced in Kyrgyzstan and Tajikistan, where almost all respondents indicated a substantial interest in that area. As for specific forms of cooperation, **the most popular were partnerships with third-country companies, and active promotion of new products and services**. In addition to those two areas, respondents from Kazakhstan, Kyrgyzstan, and Tajikistan mentioned establishment of joint ventures; those from Armenia favoured creation of new regional markets (see Figure 45).

Figure 44. Interest in Expansion of Production Capacity and Implementation of High-Potential Joint Projects with Other Countries of the CIS Region (% of total respondents in each country)

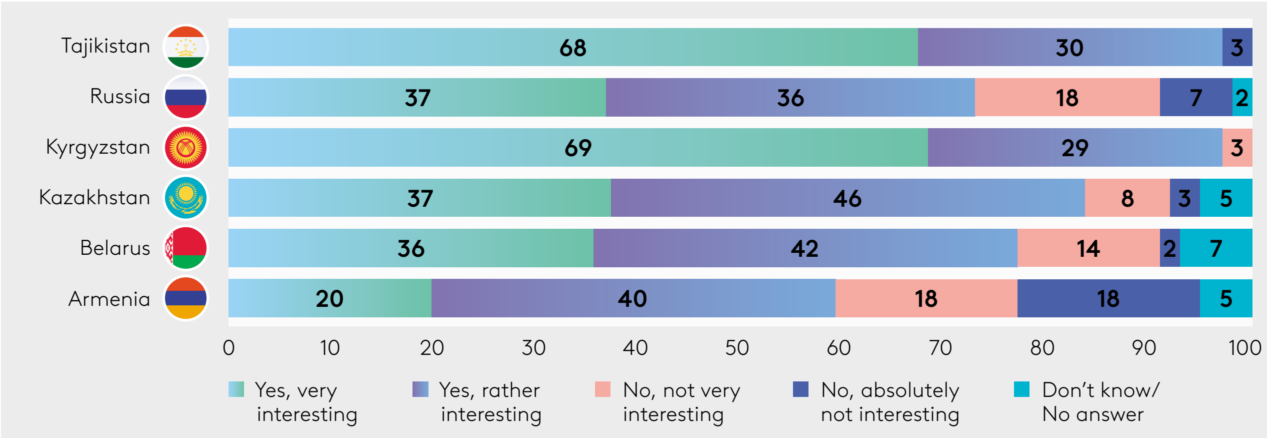
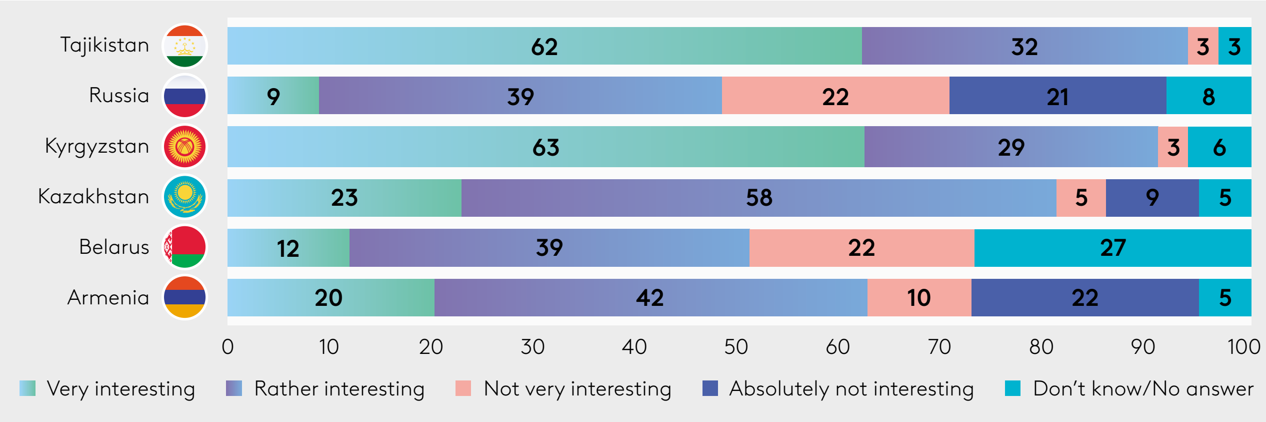


Figure 45. Most Attractive Methods of Expansion into New Markets of the Countries of the CIS Region (% of total respondents in each country)

	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russia	Tajikistan
Partnership with companies from other countries	30	78	66	69	62	81
Active promotion of new goods and services	32	73	53	43	58	43
Acquisition of foreign assets	5	7	12	11	7	19
Localisation of production in the EAEU member states or other countries of the CIS region	15	12	15	23	9	14
Establishment of joint ventures	10	15	29	49	21	32
Creation of new regional/global markets	35	19	20	23	13	16
EAEU free trade agreements	18	19	22	26	26	32
Other agreements executed within the Greater Eurasian Partnership	18	0	12	9	6	8
Other	0	0	5	11	2	0
Don't know/No answer	5	0	0	0	2	0

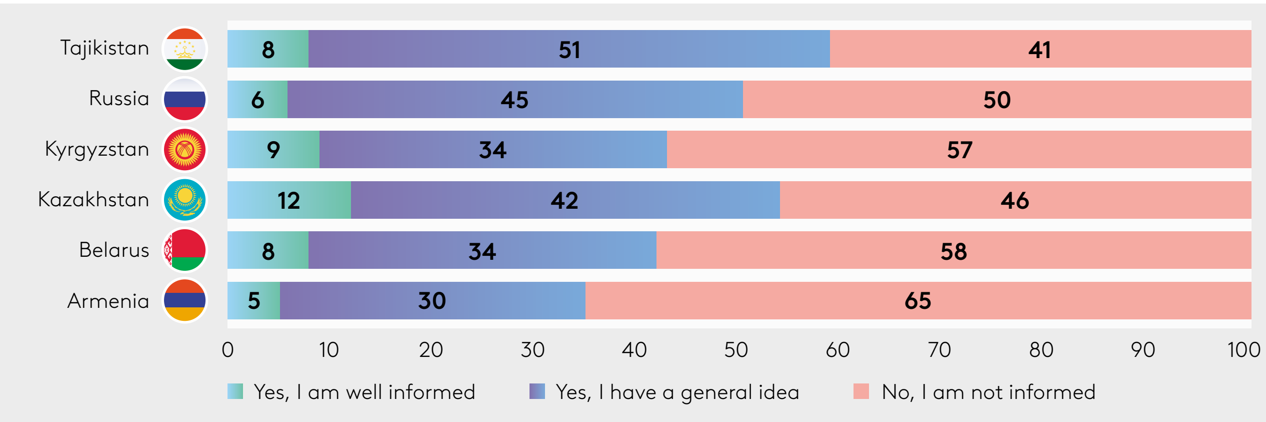
Interest in establishing Eurasian companies in the territory of the EAEU was also rather high, especially in Kazakhstan, Kyrgyzstan, and Tajikistan, where 81% of the respondents expressed a positive attitude towards the prospects of creating this new form of joint companies. In Russia and Belarus, interest was less pronounced, as only half of the respondents indicated they were interested in setting up Eurasian companies in the territory of the EAEU (see Figure 46).

Figure 46. Interest in Participating in Creation of Eurasian Companies in the Territory of the EAEU (% of total respondents in each country)



Despite the need to expand their sales markets, some respondents were not fully aware of processes already in progress in Eurasia. In 2015, there was a proposal to create the Greater Eurasian Partnership (GEP), which with time would be transformed into a free trade area. Creation of the GEP is one of the key areas of EAEU operations, as stipulated by its normative documents, in particular, *Strategic Areas of Development of Eurasian Economic Integration until 2025.* Yet 41–65% of respondents claimed they had never heard of the GEP (see Figure 47). The highest GEP awareness scores were recorded in Tajikistan (about 60%) and Kazakhstan (54%). In Armenia, only 35% of the respondents were aware of the existence of the GEP.

Figure 47. Awareness of the Greater Eurasian Partnership and Its Potential for the Company (% of total respondents in each country)



In conclusion, the survey demonstrated the willingness of the business community to be more actively involved in the opportunities presented by Eurasian economic integration, and in expansion of cooperation in the CIS region. On the other hand, that process is hindered by a number of restrictions and barriers, along with a lack of information and support. During the survey, the respondents listed possible ways to deal with these challenges, and expressed the desire for specific support measures that might facilitate the search for optimal solutions to expand cooperation in the Eurasian space. These wishes of the business community are summarised below in the form of recommendations.

SURVEY-BASED RECOMMENDATIONS

1. To increase awareness of activities of institutions promoting Eurasian economic integration, it may be advisable to:

- Implement a consulting support system for companies that are planning to expand their business using opportunities presented by the Eurasian economic space.

- Deploy, at the websites of the EAEU institutions, electronic systems that can be used by the business community to provide feedback, e.g., regarding the clarity, usefulness, or informative value of specific content. Such systems will make it possible to electronically track the evolution of corporate views and interactions.

- Design a systemic information campaign to deliver information about EAEU institutions and capabilities to potential corporate stakeholders. As their awareness increases, this will, with a high degree of probability, improve the quality and raise the level of interaction between companies and the EAEU institutions.

- Create a pool of specialised journalists who are well versed in all aspects of Eurasian economic integration, and are willing to regularly produce content related to that topic.

- Create a specialised newsletter on institutional innovations in the EAEU, with commentary on their potential impact on specific business sectors.

- Create a shared umbrella website (electronic platform), with all the required links, up-to-date announcements of upcoming events, relevant decisions (both adopted and under discussion), and news items related to Eurasian integration and the opportunities it opens for the business community. Alternative option: to modernise the official EAEU website.

2. Ways to build up knowledge and skills of employees of companies operating in the EAEU and the CIS may include the following:

- Expand grassroots communications to enable exchange of information on interactions with the EAEU institutions among companies operating in the EAEU and the CIS. This could contribute to intensifying their involvement in integration processes.

- Develop advanced training courses (including courses offered by universities in the EAEU member states) for employees of companies that intend to become involved in Eurasian economic integration. The respondents were particularly keen on getting access to training to obtain the knowledge required for participation in Eurasian integration processes.

- Conduct specialised workshops and master classes for companies at local chambers of commerce and industry and other similar institutions, in particular to explain and popularise rules and regulations recently implemented within the EAEU.

- Develop and implement joint MBA programmes on doing business in the Eurasian economic space.

3. Economic support measures that the business community described as useful and necessary:

- Expand product sales markets in the EAEU, open new markets, enhance export support programmes.
- Simplify registration procedures, minimise red tape in the EAEU member states, simplify customs procedures and increase their transparency.
- Improve the business climate and investment environment.
- Provide access to soft loans, alleviate the tax burden.
- The business community has a favourable view of establishing free trade areas, and is interested in their expansion and in gaining access to more detailed information on both existing and potential trade and economic treaties of the EAEU.

4. To expand collaboration and cooperation areas, it is recommended to:

- Create venues to promote communications (including sector-specific communications) among companies on effective interactions with a view to strengthening Eurasian economic integration, identifying shared interests, and building value chains.
- Promote not only trade cooperation, but also technological cooperation among companies operating in the Eurasian economic space, including small businesses. Conduct joint strategic experience-sharing and networking sessions to facilitate development of multilateral business partnerships.
- Intensify exhibition activities for companies within the EAEU, conduct specialised fairs, disseminate information on opportunities offered by Eurasian economic integration through appropriate exhibition venues.
- Create databases and platforms for companies looking for potential markets and partners in the other countries of the Eurasian space.

RESEARCH AND DATA ANALYSIS METHODOLOGY

Research object — representatives of medium-sized and large businesses engaged in foreign economic activities in Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan.

Research aim — regular monitoring of integration preferences of medium-sized and large (and subsequently small) businesses in the EAEU member states.

Research objectives:

- To design a methodology for annual monitoring of perception of integration processes in the Eurasian space, by the business community of the EAEU member states;
- To assess the extent and dynamics of the attractiveness to the business community of Eurasian integration.

Table 1. Number of Surveyed Respondents by Country (including the number of sent and declined enquiries)

Country	Number of Enquiries Sent	Number of Completed Questionnaires	Number of Declined and Unanswered Enquiries
Russia	850	107	743
Armenia	128	40	88
Tajikistan	152	37	115
Belarus	564	59	505
Kyrgyzstan	347	35	308
Kazakhstan	168	59	109
Total	**2,209**	**337**	**1,868**

Table 2. Sectoral Structure of the Sample (consolidated data for all countries)

	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russia	Tajikistan	Total
Agriculture, Hunting and Forestry	4	11	9	9	2	8	43
Education	0	0	1	0	1	0	2
Health Care and Social Services	1	1	0	0	1	0	3
Other Utilities, Social and Personal Services	1	0	0	0	2	0	3
Extraction of Mineral Resources	2	2	4	1	1	1	11
Processing Industry	5	12	24	16	34	5	96
Production and Distribution of Electric Power, Gas and Water	1	3	4	1	8	12	29
Construction	3	3	5	1	1	1	14
Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles, Household Appliances, and Personal Use Items	12	8	8	5	21	7	61
Hotels and Restaurants	1	0	0	0	0	0	1
Transport and Communication	5	2	3	1	1	0	12
Other	5	17	1	1	35	3	62
Total (people)	**40**	**59**	**59**	**35**	**107**	**37**	**337**

Table 3. Survey Geography

Country	Distribution of Interviews by Regions
Armenia	Erevan — 33, Kotayk Region — 2, Tavush Region — 2, Syunik Region — 1, Aragatsotn Region — 1, Artsakh — 1
Belarus	Baranovichi — 5, Beryoza — 1, Borisov — 2, Brest — 5, Brest Region — 7, Bykhov — 1, Vitebsk — 3, Vitebsk Region — 2, Gomel — 2, Grodno — 1, Zhabinka — 1, Zhlobin — 1, Zhodino — 2, Zaslavl — 1, Minsk — 7, Minsk Region — 1, Mogilev — 5, Mogilev Region — 1, Mozyr — 1, Orsha — 1, Pinsk — 2, Rogachev — 1, Svetlogorsk — 1, Slonim — 2, Slutsk — 1, Starye Dorogi — 1, Cherven — 1
Kazakhstan	Almaty Region — 4, West Kazakhstan Region — 5, Jambyl Region — 4, Karaganda Region — 8, Kyzylorda Region — 3, Mangystau Region — 4, Pavlodar Region — 4, North Kazakhstan Region — 4, Turkistan Region — 2, East Kazakhstan Region — 5, Nur-Sultan — 2, Almaty — 8, Shymkent — 6
Kyrgyzstan	Bishkek — 13, Osh Region — 7, Jalal-Abad Region — 7, Issyk-Kul Region — 1, Talas Region — 3, Chuy Region — 4
Russia	Central Federal District — 46, North-Western Federal District — 18, Volga Federal District — 9, Siberian Federal District — 8, Southern Federal District — 7, Far Eastern Federal District — 6, Ural Federal District — 5, North Caucasian Federal District — 1
Tajikistan	Dushanbe — 14, Sughd Region — 14, Khatlon Region — 9

National standards of the surveyed countries were used to structure the sample and classify the companies by sector and size. In each country, the individual responsible retrieved statistical data on foreign economic activities independently. Inasmuch as the availability and format of open-source data varied from country to country, certain differences in approaches to sample stratification were permitted.

For example, in Russia sampling was performed on the basis of the Federal Customs Service publication *Results of Foreign Trade of Constituent Entities of the Russian Federation in 2020;* that dataset was used to measure the foreign trade turnover of the Russian Federation, and to calculate its share for each federal district. Inasmuch as no up-to-date statistical data with a breakdown by sector and company size were found in open sources, uniformity of distribution of companies by sector and company size (large and medium-sized business) was monitored separately.

In Belarus, Kazakhstan, and Tajikistan, sectoral structure and company size data used for sampling purposes were based on the national GDP structure rather than on sectoral affiliation of companies engaged in foreign economic activities. In particular, in Belarus sampling was performed on the basis of GDP structure data, with a breakdown by types of economic activity as at the end of 2019. Questionnaire responses were provided by general managers; foreign trade and marketing specialists; foreign trade, marketing and sales division managers; and chief accountants of the surveyed companies. The survey included medium-sized and large companies classified as such in line with the criteria defined by the National Statistical Committee. In Kazakhstan, medium-sized and large companies were included in the sample on the basis of statistical data published by the Bureau of National Statistics of the Ministry of National Economy of the Republic of Kazakhstan. In Tajikistan, sampling was performed on the basis of data on GDP structure, with a breakdown by types of economic activity as at the end of 2019, published by the Statistical Agency under the President of the Republic of Tajikistan. In Kyrgyzstan, we used data on foreign economic activities as published by the National Statistical Committee of the Kyrgyz Republic. In Armenia, classification of respondents into medium-sized and large companies was based on the Law of the Republic of Armenia *On Accounting.*

As regards sectoral distribution, we focused on the real sector of the economy, and the bulk of the surveyed companies were Industry and Trade entities conducting export and import operations in the EAEU and the CIS.

Table 4. Distribution of Respondents by Company Size

Country	Medium-Sized Companies	Large Companies
Armenia	17	23
Belarus	37	22
Kazakhstan	35	24
Kyrgyzstan	26	9
Russia	56	51
Tajikistan	34	3
Total	**205**	**132**

LIST OF ABBREVIATIONS

CIS Commonwealth of Independent States — an international organisation comprising the following member states: Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, and Ukraine (has a disputed status)

CIS region a geographical region comprising 12 countries — former USSR republics that originally joined the CIS, including Georgia (which left the organisation in 2009) and Ukraine (which has a disputed status)

EDB Eurasian Development Bank — international organisation comprising the following member states: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan

EAEU, Union Eurasian Economic Union — international economic integration organisation comprising the following member states: Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia

EEC Eurasian Economic Commission — permanent supranational regulatory body of the EAEU

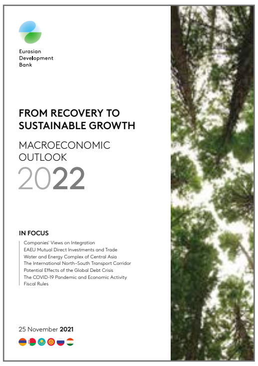
EU European Union

FTA free trade area

GEP Greater Eurasian Partnership — conceptual framework for the establishment of a network of mutually beneficial trade and economic agreements and dialogues between the EAEU member states and various Eurasian countries and their associations

USSR Union of Soviet Socialist Republics

Macroeconomic Review
(RU)
A regular EDB publication, which provides an overview of the current macroeconomic conditions in the EDB member states and estimates their development in the short-term perspective.

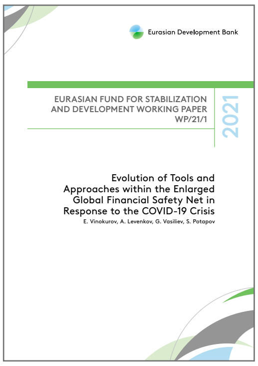


Macroeconomic Forecast
(RU/EN)
The Return of Inflation: For How Long and Should We Fear It?
The 2021 projection for aggregate GDP growth of EDB member states is raised by 0.7 p.p. to 4% due to strong support from the global economy.

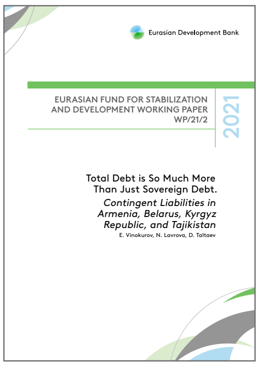
Report 21/1
(RU)
Promoting the Role of the EAEU Currencies in Global Transactions
EAEU currencies service around 2% of global trade. As for the EAEU countries, payments in their currencies have notably increased over the past seven years — their share in trade flows jumped from 63% in 2013 to 74% in 2019.

Report 21/2
(RU/EN)
Uzbekistan and the EAEU: Prospects and Potential Impact of Economic Integration
The report estimates the potential effects of Uzbekistan's integration with the EAEU and outlines promising areas for cooperation between the current Union member states and Uzbekistan.

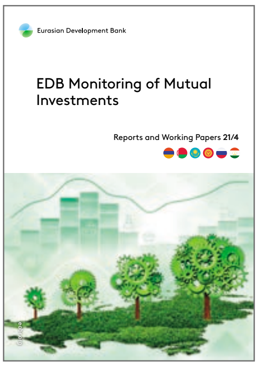
Report 21/3
(RU/EN)
Investment in the Water and Energy Complex of Central Asia
The report analyses Central Asia's water and energy complex after 30 years of independence of the five Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) and assesses their cooperation in the water and energy complex.



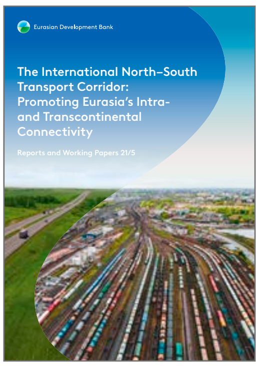
Working Paper WP/21/1
(RU/EN)
Evolution of Tools and Approaches within the Enlarged Global Financial Safety Net in Response to the COVID-19 Crisis
This working paper provides the analysis how the GFSN responded to pandemic on global level and on regional level (in the EFSD countries).



Working Paper WP/21/2
(RU/EN)
Total Debt is So Much More Than Just Sovereign Debt. Contingent Liabilities in Armenia, Belarus, Kyrgyz Republic, and Tajikistan
This study aims to contribute to understanding the potential risks and impacts of both explicit and implicit contingent liability shocks on government fiscal and debt positions in the EFSD recipient countries.



Report 21/4
(RU/EN)
EDB Monitoring of Mutual Investments
Mutual investments in Eurasia, calculated using a new methodology, reach US $46 billion. FDI has been growing steadily since 2016.



Report 21/5
(RU/EN)
The International North–South Transport Corridor: Promoting Eurasia's Intra- and Transcontinental Connectivity
Linking up the INSTC with Eurasian latitudinal corridors could ensure around 40% of container traffic.

Joint report by the Eurasian Development Bank and the Global Energy Association
(RU/EN)
Green Technologies for Eurasia's Sustainable Future
The report is prepared by the key international industry experts and young scholars. It contains the results of technical research aimed at solving today's energy challenges and helping to reduce the carbon footprint in Eurasia.

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