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## Economic Union in Heart of Europe

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The experts were still discussing the results of historic Russia and China summit and the strategically important gas agreement signed on May 21 as another, no less important, event took place on May 29. In Astana the presidents of Russia, Belarus and Kazakhstan signed the treaty on establishing the Eurasian Economic Union also known as the Eurasian Union (EaU) to come into force starting from January 1, 2015. «Today we are creating together a powerful and attractive centre of economic development, a major regional market which brings together more than 170 million people», Russian President Vladimir Putin said, adding that the union accounted for one fifth of world gas reserves and about 15% of oil reserves in the world. Meanwhile, the troika has a well-developed industrial base and strong personnel. The total EaU GDP is around \$2, 6 billion. Customs barriers are to be eliminated uniting the markets of goods, services and labor. In 2015 the process of gradual unification of energy, transport, financial and economic systems will start creating the conditions for switching to single currency. The aggregate GDP of the states participating in the Eurasian Economic Union (EEU) will increase by about \$900 billion by 2030. «The Treaty on the Eurasian Economic Union is aimed to improve the welfare and the quality of life in Kazakhstan, Russia and Belarus, to ensure free movement of goods, services, capital and labor, and to carry out a coordinated economic policy. As a result of the integration process, the aggregate GDP is expected to expand by about \$900 billion by 2030», emphasized the President of Kazakhstan Nursultan Nazarbayev.

Some moot points affecting bilateral relations were resolved, like the ones related to alcohol and

tobacco between Russia and Kazakhstan, customs duties for oil between Russia and Belarus. Everyone made some concessions and got gains in return. The parties know well the general positive effect will by far outweigh any potential losses.

It is planned to have a unified energy market by 2019 and oil and gas market by 2025. Head of the Eurasian Economic Commission Viktor Khristenko said unified rules to be in effect are the result of coordinated efforts. He noted that the treaty has updated the goals and tools to achieve the four freedoms of movement of goods, services, capital and labor. «For example, the treaty touches upon the areas that were left beyond the scope of integration before, namely energy, oil, and gas. The treaty clearly sets out the goal towards the common market, and also a clear time framework», said the Chairman of the Board of the Eurasian Economic Commission. According to him, 2025 is not just a date anticipated without applying any efforts; there are a lot of things to be done. For instance, in 2016 the member states are to adopt a common policy concept for oil, oil products and gas markets.

The process of financial markets integration is to be over by 2025. By January 2016 the governments are to come up with the plan aimed at harmonization of sectoral legislation. Common rules for banking, brokers and insurance licenses are to be established by 2017 to be mutually recognized after 2020. The unification of banks, insurance companies and brokerage firms oversight regulations is expected to be over by 2019.

The introduction of single currency is not on agenda as yet. According to the Eurasian Economic Union's press-service, the estimates show that level of economic integration is not sufficient for introduction of one currency, at least not till 2025.

The currency union is the highest form of integration to be reached after taking coordinated microeconomic steps, in particular adopting common economic policy with the aim to create a single financial market by 2020. The direct convertibility of currencies is a must. Any intermediate settlement phases with the use of the dollar and the euro must be eliminated.

No matter the presidents avoided direct comments on the political significance of the Astana treaty, it's clear that this is the event of momentous importance to influence the world politics. The large-scale Russia - China gas treaty also has political significance. It's a proof that all the talk about Russia being isolated is nothing more than just empty words; the world of business does not understand the language of sanctions.

There is a new economic entity emerging in Eurasia with its own interests and goals. It will facilitate the protection of members' economic interests. Two more countries – Kyrgyzstan and Armenia plan to join the union this year. The Eurasian Economic Union is located in the heart of European continent. It's hard to implement large-scale economic projects going around the territories of the member-states.

The new association strengthens the position of its members in their dialogue with the United States and Europe. After Shanghai and Astana nobody perceives Eurasia as a chessboard with the United States moving pieces and calling all the shots.