

FOREIGN TRADE OPERATIONS OF THE EURASIAN ECONOMIC UNION MEMBER COUNTRIES: TRENDS AND POTENTIAL GROWTH AREAS



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FOREIGN TRADE OPERATIONS OF THE EURASIAN ECONOMIC UNION MEMBER COUNTRIES: TRENDS AND POTENTIAL GROWTH AREAS

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Mutual trade between Eurasian Economic Union (EAEU) countries is one of the key indicators of the region's integration processes. At the same time, the intensification and diversification of mutual trade is an important driver in increasing potential long-term economic cooperation between EAEU countries.

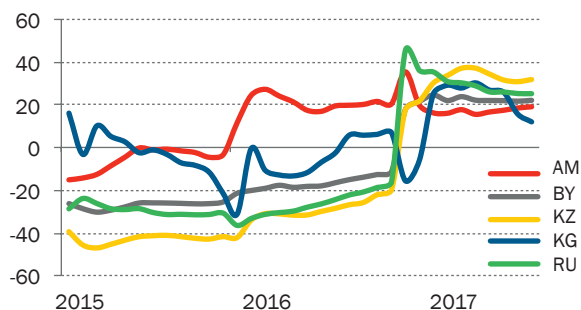
This research includes an analysis of EAEU foreign trade with third countries as well as mutual trade during the early years of the formation of the EAEU. It not only reveals the structure of existing trade flows, but also determines potential growth areas for the development of inter-industry trade between the regional association's member countries.

FOREIGN TRADE TRENDS IN EAEU COUNTRIES

From 2015 to the first half of 2016, the value of goods exports fell in EAEU countries (Fig. 1), which was due to a fall in commodity prices, and a slowdown in both the world economy and domestic demand in the countries of the union. In the case of Russia, economic sanctions also played a significant role in the decline in exports. The decline in exports was a feature of both EAEU mutual trade and of trade with third countries (Fig. 2). At the same time, the decrease in the volume of goods exported outside the EAEU was significantly larger, which is due to the important role that mineral commodities play in EAEU countries' exports to third countries.

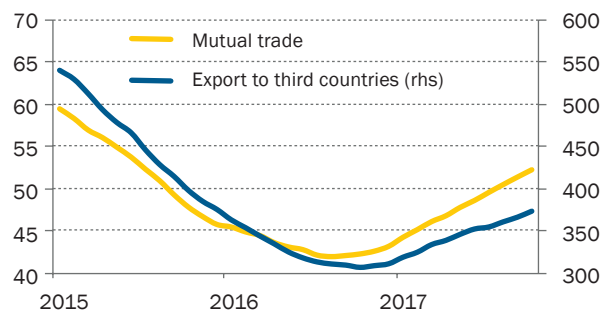
Since the second half of 2016, there has been a gradual recovery in the value of goods exported. Growth is facilitated by the world economic recovery and restored domestic demand in EAEU countries, as well as rising commodity prices. As a result, in most EAEU countries, exports were among the drivers of economic growth in the second half of 2016 and January-October 2017.

Figure 1. Total value of goods exported from EAEU countries (growth rate compared with the corresponding period of the previous year), %



Source: Authors' calculations based on EEC data

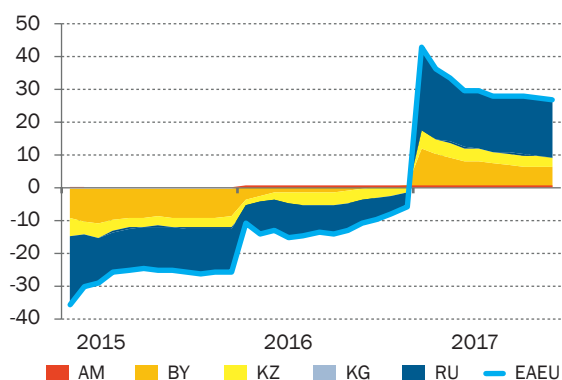
Figure 2. EAEU external trade (volume for 12 months), USD billions



Source: Authors' calculations based on EEC data

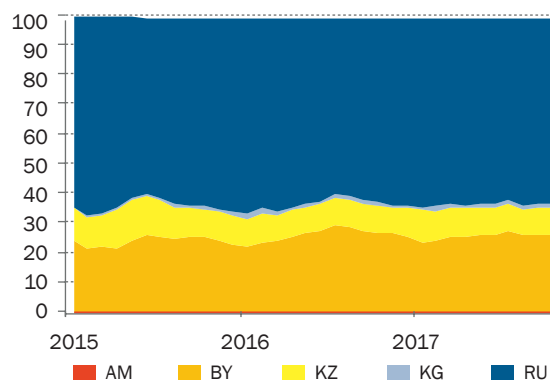
After a two-year decline (2015-2016) of about 30%, in January-October 2017 EAEU countries' mutual trade showed an increase of 26.7% compared with the corresponding period of the previous year. This increase is mainly due to the growth in mutual trade between Russia and Belarus, as well as Russia and Kazakhstan, which largely reflects the growth of domestic demand in these states (Fig. 3). The share of Armenia's and the Kyrgyz Republic's exports in the region's mutual trade remains below 1%, whereas the largest shares are broadly unchanged: Russia (about 63%), the Republic of Belarus (about 26%) and Kazakhstan (about 9%) (Fig. 4). The growth of mutual trade in 2017 is seen across all major groups of goods, with the most rapidly recovering exports being metals, machinery, equipment and vehicles (Fig. 5).

Figure 3. Countries' shares in the growth of EAEU mutual trade (compared with the corresponding period of the previous year), %



Source: Authors' calculations based on EEC data

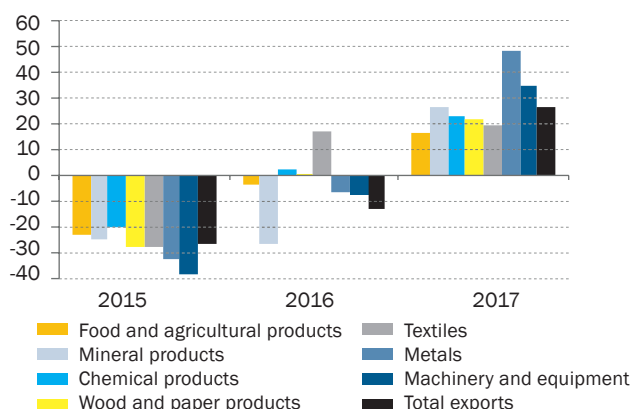
Figure 4. Countries' share of EAEU mutual trade, %



Source: Authors' calculations based on EEC data

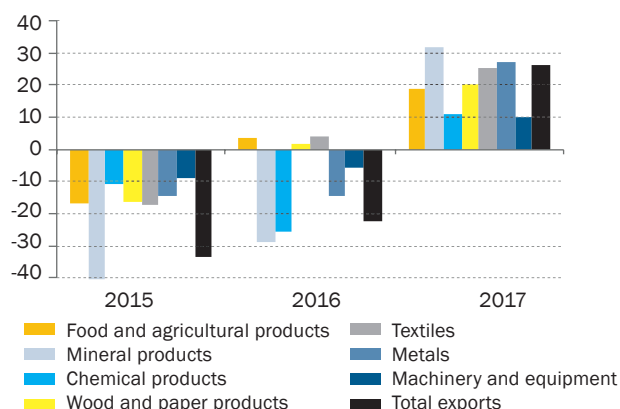
The main reason for the drop in the value of exports by EAEU countries to countries outside of the union in 2015-2016 was a reduction in deliveries of mineral commodities, which was primarily a result of the decline in the price of oil. As oil prices increased in 2017, the export of fuel and energy products also demonstrated significant growth. Accelerating growth in the world economy in 2017 led to an increase in the export of other groups of goods by EAEU countries to countries outside the union (Fig. 6).

Figure 5. EAEU mutual trade split by enlarged commodity groups (January-October compared with January-October of the previous year), %



Source: Authors' calculations based on EEC data

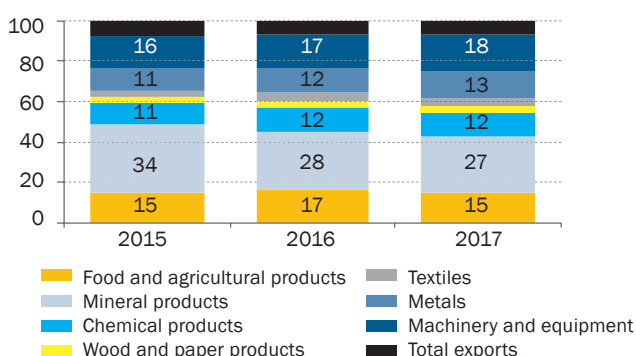
Figure 6. EAEU exports to third countries split by enlarged commodity groups (January-October compared with January-October of the previous year), %



Source: Authors' calculations based on EEC data

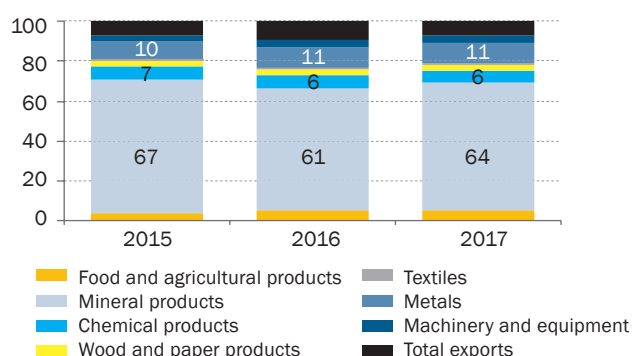
In recent years, diversification in the structure of EAEU countries' mutual trade has been increasing. The share of exports of metals and metal products, as well as machinery, equipment and vehicles is constantly increasing (Fig. 7). A decreasing trend in the share of mineral commodities in mutual trade is observable, and its share in January-October 2017 decreased to 27.4% compared with 28.1% for the corresponding period of 2016, despite a significant increase in energy prices. One of the factors in the falling share of raw materials exports within the EAEU in January-October 2017 is a reduction in the physical volumes of Russian oil supplies to Belarus due to oil and gas disputes in 2016 to early 2017 and the agreement reached on the transfer of export customs duties on oil instead of physical supplies of 6 million tons of oil from the budget of the Russian Federation to the budget of the Republic of Belarus. The structure of EAEU countries' exports to third countries is less diversified: the share of mineral commodities is more than 60% (Fig. 8). At the same time, mineral resources' share of mutual trade in value terms in January-October 2017 continued to decrease, while their share increased in exports to third countries following an increase in oil prices. It should be noted that the share of goods with high added value (machinery, equipment and vehicles, metals and metal products) in EAEU countries' exports to outside the region is significantly lower than within the union.

Figure 7. EAEU mutual trade structure split by enlarged commodity groups (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Figure 8. EAEU exports structure to third countries split by enlarged commodity groups (for the first 10 months of the year), %

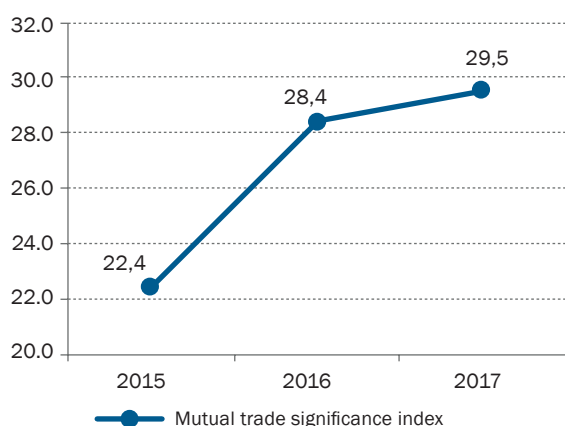


Source: Authors' calculations based on EEC data

REPUBLIC OF ARMENIA

The Republic of Armenia's mutual trade with the countries of the EAEU increased significantly in 2016 and continued to intensify in January-October 2017. At the same time, the growth of Armenia's mutual trade in 2016-2017 was mainly due to growth in the volume of exports and imports of goods within the integration framework (in January-October 2016, a significant contribution to the increase in the index was also made by a reduction in imports from third countries amid a slowdown in economic growth) (Table 1). Russia remains the main trading partner of Armenia in the EAEU, accounting for approximately 97% of goods exports and imports.

Figure 9. Mutual trade significance indicator⁶ for the Republic of Armenia and EAEU (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Table 1. Change factors in the mutual trade significance index (January-October compared with January-October of the previous year)

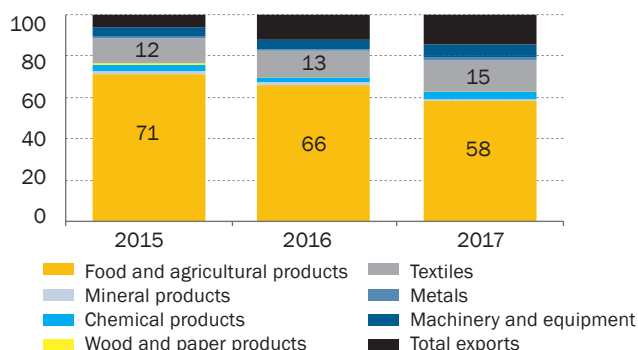
	2015	2016	2017
Mutual trade significance index, %	22.4	28.4	29.5
change due to			
Republic of Armenia exports to EAEU	-	1.9	2.1
Republic of Armenia imports from EAEU	-	0.6	3.0
Republic of Armenia exports to third countries	-	0.4	-1.2
Republic of Armenia imports from third countries	-	3.0	-2.8

Source: Authors' calculations based on EEC data

Food and drink, especially strong spirits, dominate in the structure of Armenian exports to the EAEU (Fig. 10). There is a noticeable trend towards a reduction in the importance of food exports, which is due to the growth rates of other groups of goods (textiles, lighting equipment, etc.) exceeding that of foods. Mineral commodities (mainly natural gas and oil products) predominate in the structure of EAEU imports (Fig. 11). The decline in the share of fuel and energy products in Armenia's imports from EAEU countries in 2016 is due both to the impact of the price factor and the reduction in physical volumes of natural gas supplies from Russia. In 2017, the decrease in the share of energy goods in the value of imports is due to faster growth rates of other import groups of goods against the background of the country's rapid recovery in consumer demand.

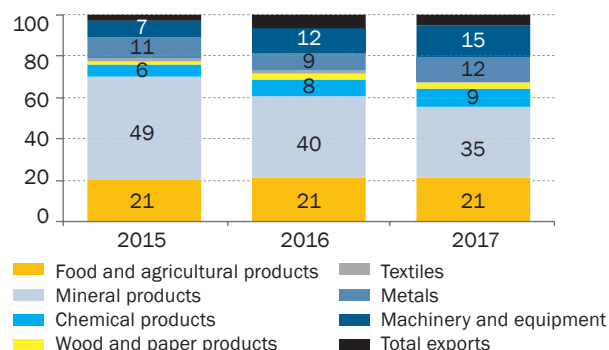
⁶ The indicator of the significance of mutual trade shows the share of mutual trade turnover within the union in the total turnover of trade in goods of the country [1].

Figure 10. Structure of Armenia's exports to the EAEU split by enlarged commodity groups
(for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

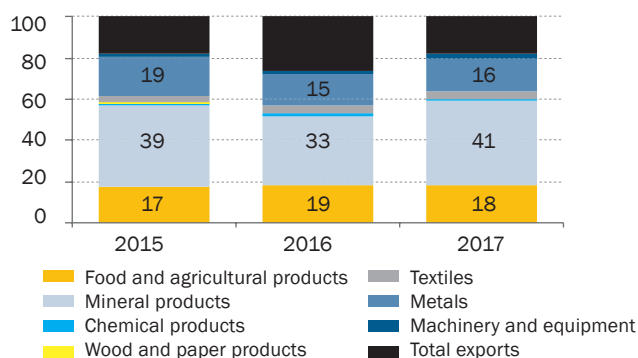
Figure 11. Structure of Armenia's imports from the EAEU split by enlarged commodity groups
(for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

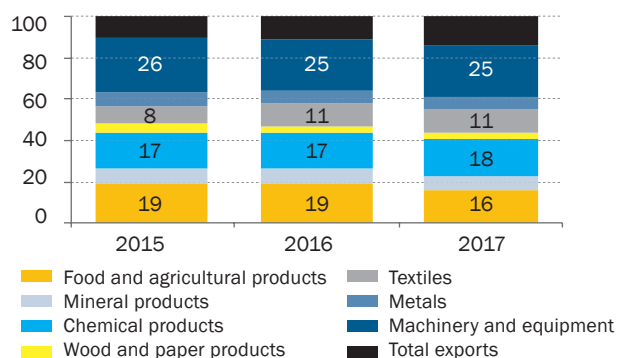
The largest share of Armenia's exports to countries outside the EAEU consists of mineral commodities, primarily metal ores, as well as metals and metal products (Fig. 12). Changes in the share of commodity groups reflect trends in world prices for metals – a decrease in January-October 2016 and an increase in January-October 2017. The structure of imports from third countries is more diversified compared to exports: a significant share is occupied by machinery and equipment, chemical industry products and food products (Fig. 13).

Figure 12. Structure of Armenia's exports to third countries split by enlarged commodity groups
(for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Figure 13. Structure of Armenia's imports from third countries split by enlarged commodity groups
(for the first 10 months of the year), %

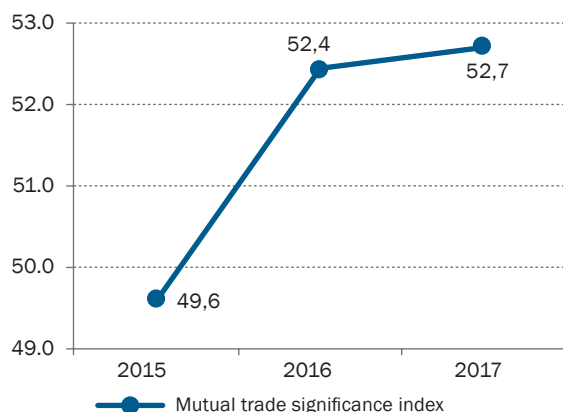


Source: Authors' calculations based on EEC data

REPUBLIC OF BELARUS

Belarus is the most active mutual trade participant among EAEU countries. In 2015-2017, EAEU countries accounted for an average of about 45% of the country's exports and 57% of imports. At the same time, the indicator of the importance of mutual trade with EAEU countries for Belarus has been growing in recent years (Fig. 14). Further, it should be noted that the significant increase in the indicator for January-October 2016 was mainly due to a reduction in exports of Belarusian goods to third countries (in many respects this decline reflects the decrease in the value of exports of oil products and potash fertilizers) and a fall in imports against a background of a reduction in the country's domestic demand (Table 2). Russia accounts for about 95% of Belarusian exports to the EAEU and about 99.5% of imports.

Figure 14. Mutual trade significance indicator for the Republic of Belarus and the EAEU
(for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Table 2. Change factors in the mutual trade significance index (January-October compared with January-October of the previous year)

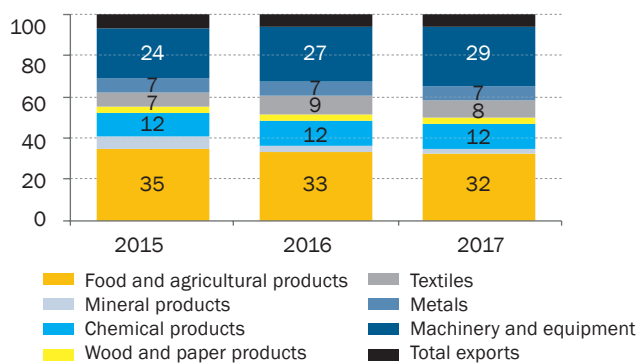
	2015	2016	2017
Mutual trade significance index, %	49.6	52.4	52.7
change due to			
Republic of Belarus exports to EAEU	-	0.0	2.2
Republic of Belarus imports from EAEU	-	-1.8	2.9
Republic of Belarus exports to third countries	-	3.6	-2.7
Republic of Belarus imports from third countries	-	1.1	-2.2

Source: Authors' calculations based on EEC data

The largest share of Belarus' exports to EAEU countries consisted of food products, as well as machinery, equipment and vehicles. In 2016-2017, there was an increase in the share of machinery and equipment, against a reduction in the share of food products (Fig. 15).

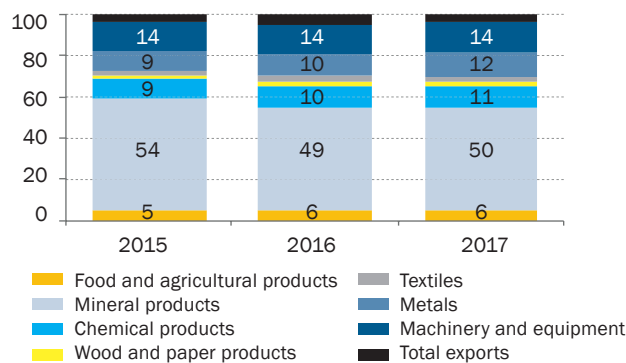
About 50% of the Republic of Belarus' imports from EAEU countries are fuel and energy resources, the share of which has decreased significantly in the last three years, which is due both to a decrease in energy prices and to the reduction in physical volumes of Russian oil since the third quarter of 2016. At the same time, there is a slight increase in the share of machinery and equipment, as well as metals, in Belarus' imports from EAEU countries (Fig. 16).

Figure 15. Structure of Belarus' exports to the EAEU split by enlarged commodity groups
(for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Figure 16. Structure of Belarus' imports from the EAEU split by enlarged commodity groups
(for the first 10 months of the year), %

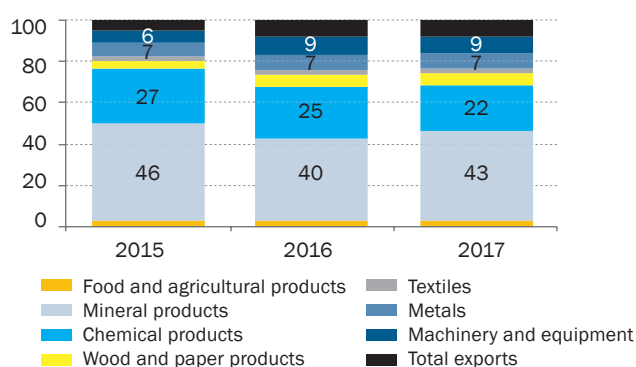


Source: Authors' calculations based on EEC data

The structure of Belarus' foreign trade with third countries differs markedly from trade with EAEU countries. The main export item is mineral products (primarily oil products), which are produced from imported Russian energy resources (Fig. 17). The decrease in energy resources' share in January–October 2016 was due to a drop in oil prices, as well as a reduction in oil imports from Russia amid oil and gas disputes. The recovery of energy exports in January–October 2017 is due to the rise in oil prices, while the physical volumes of oil exports decreased in the period compared with the previous year due to a reduction of physical volumes of oil imports. In addition to mineral resources, the Republic of Belarus' key exports to third countries are chemical industry products – mainly potash fertilizers. In recent years, there has been a noticeable trend towards a decrease in the share of potash fertilizers in the value of Belarus' exports to countries outside the EAEU, which is related both to a significant drop in world prices for potash fertilizers and other exports' growth outstripping them.

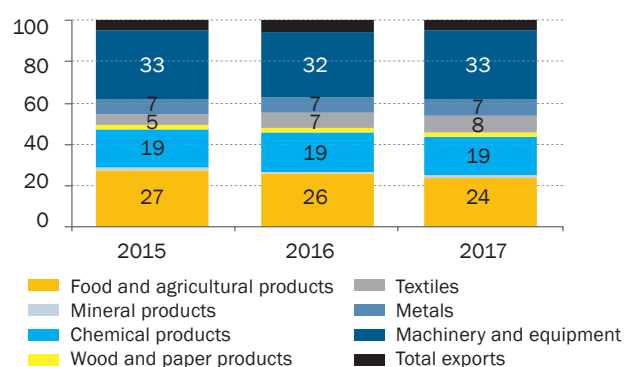
In the structure of imports, a significant share is occupied by machinery and equipment, food products and chemical products (Fig. 18). The predominance of raw materials is notable in the exports of the Republic of Belarus to third countries, unlike in imports (and accordingly a larger share of high added-value goods among imports compared to exports), which may be the result of the low non-price competitiveness of Belarusian goods [2].

Figure 17. Structure of Belarus' exports to third countries split by enlarged commodity groups (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Figure 18. Structure of Belarus' imports from third countries split by enlarged commodity groups (for the first 10 months of the year), %

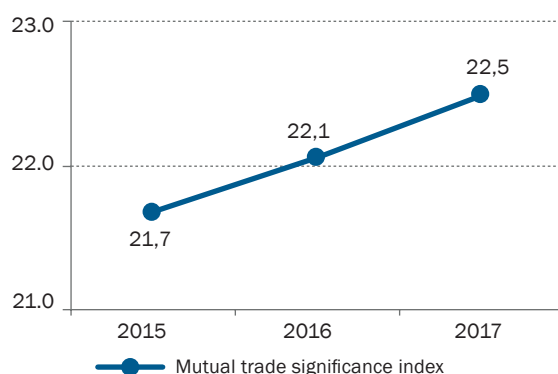


Source: Authors' calculations based on EEC data

REPUBLIC OF KAZAKHSTAN

In 2015, according to the mutual trade significance indicator, the Republic of Kazakhstan was approximately at the same level as Armenia. However, mutual trade between Kazakhstan and EAEU countries is developing less rapidly than in the case of Armenia (Figures 9 and 19). The Kazakhstan market is gradually becoming attractive for countries of the union. The recovery rate in mutual trade in 2017 was faster than the growth rate in exports to third countries. Despite the continued dominance of Russian imports, suppliers from Belarus and Kyrgyzstan have begun to make inroads into the Kazakh market. In the case of Kyrgyzstan, a certain role is played by Kazakhstani investors with stakes in Kyrgyzstan's mining enterprises. Kazakhstan's exports are mainly focused on third countries, but during 2017 there were signs of expansion in EAEU countries' markets (Table 3).

Figure 19. Mutual trade significance indicator for the Republic of Kazakhstan and the EAEU
(for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

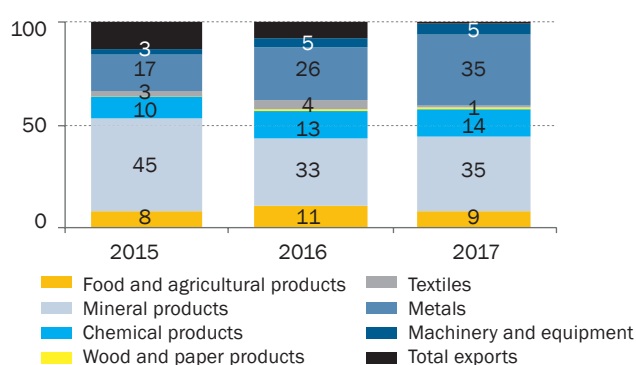
Table 3. Change factors in the mutual trade significance index (January-October compared with January-October of the previous year)

	2015	2016	2017
Mutual trade significance index, %	21.7	22.1	22.5
change due to			
Republic of Kazakhstan exports to EAEU	-	-1.5	1.6
Republic of Kazakhstan imports from EAEU	-	-2.6	3.0
Republic of Kazakhstan exports to third countries	-	2.9	-3.7
Republic of Kazakhstan imports from third countries	-	1.6	-0.4

Source: Authors' calculations based on EEC data

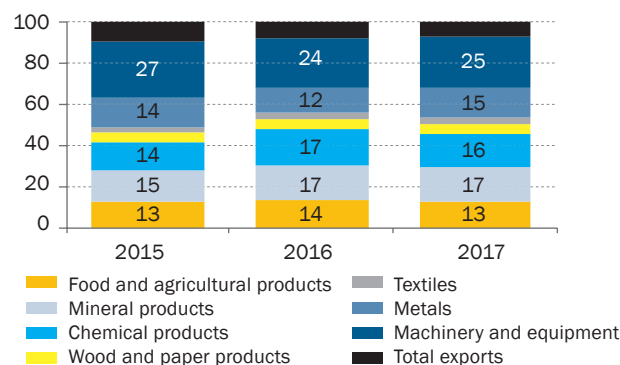
Kazakhstan producers of metals and metal products have begun to expand their niche in the Russian market, and also to expand on the Belarus and Kyrgyzstan markets. Mineral commodities and metals are dominant in the structure of Kazakhstan's exports to the EAEU (Fig. 20). Kazakhstan supplies coal, oil and metal products to Russia, Belarus and Kyrgyzstan. Ores and concentrates are mainly sent to Russian plants. The structure of imports from EAEU countries is relatively balanced, with a slight predominance of imported machinery and equipment. Mostly, vehicles are imported from Russia and Belarus. Russia is a key supplier of petroleum products. Chemical industry products are mainly imported from Russia with small volumes from Belarus and Kyrgyzstan.

Figure 20. Structure of Kazakhstan's exports to the EAEU split by enlarged commodity groups
(for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

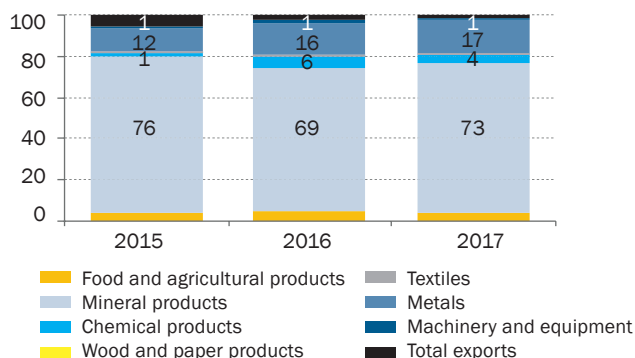
Figure 21. Structure of Kazakhstan's imports from the EAEU split by enlarged commodity groups
(for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

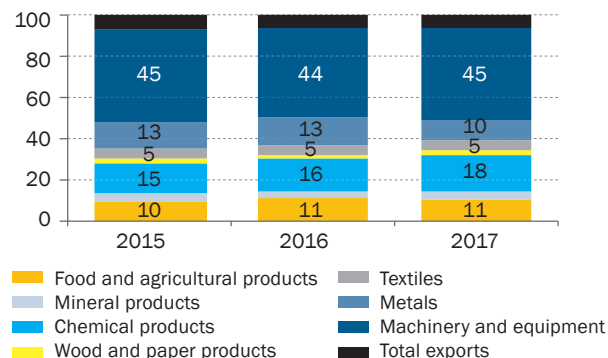
Kazakhstan's exports to third countries are less diversified compared to supplies to EAEU countries. More than 70% of exports are mineral products and about 15% are metals and metal products. Kazakhstan supplies oil and oil products to around 23 countries. The main consumer is Italy. Approximately half of Kazakhstan's imports from third countries are machinery and equipment. Shipments are mainly from China, which leads by a large margin over the USA and Germany to complete the top three.

Figure 22. Structure of Kazakhstan's exports to third countries split by enlarged commodity groups (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Figure 23. Structure of Kazakhstan's imports from third countries split by enlarged commodity groups (for the first 10 months of the year), %

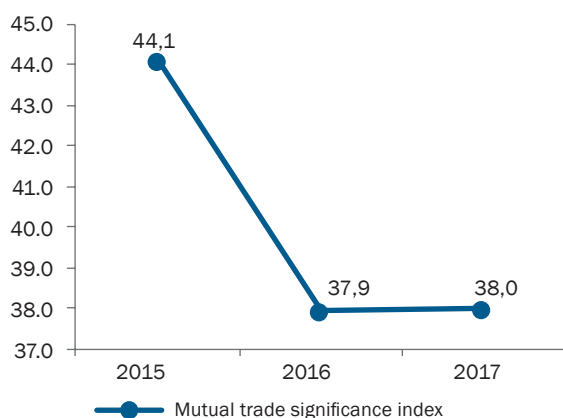


Source: Authors' calculations based on EEC data

REPUBLIC OF KYRGYZSTAN

Kyrgyzstan is in second place after Belarus in terms of closest trade ties with the union. Movements in the mutual trade significance indicator for 2015-2017 reflect the degree of Kyrgyzstan foreign trade's sensitivity to changes in the macro-environment of its main trading partners. In the context of a decline in world oil prices in 2016 compared with 2015, the value of imports of petroleum products from Russia and Kazakhstan decreased. Against the backdrop of growth in export deliveries to EAEU countries' markets, the reduction in imports played a key role in reducing the significance index for 2016. Due to geographical reasons, the distribution of countries in Kyrgyzstan's exports to EAEU countries differs from the export flows of Armenia, Belarus and Kazakhstan, which are oriented to the Russian market. Both Kyrgyzstan's exports and imports are roughly equally focused on the markets of Russia and Kazakhstan. Belarus' share in foreign trade is not high.

Figure 24. Mutual trade significance indicator for the Kyrgyz Republic and the EAEU (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

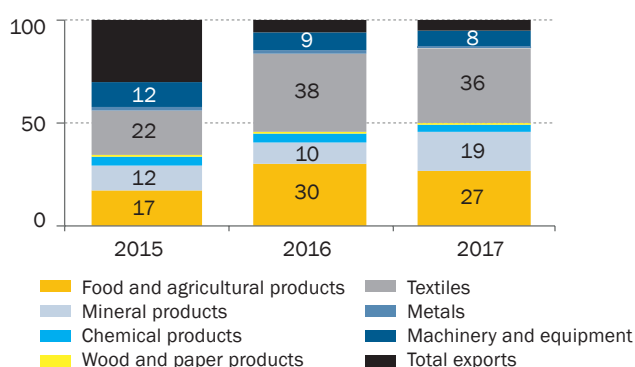
Table 4. Change factors in the mutual trade significance index (January-October compared with January-October of the previous year)

	2015	2016	2017
Mutual trade significance index, %	44.1	37.9	38.0
change due to			
Kyrgyz Republic exports to EAEU	-	0.9	1.4
Kyrgyz Republic imports from EAEU	-	-4.4	0.6
Kyrgyz Republic exports to third countries	-	0.1	-0.4
Kyrgyz Republic imports from third countries	-	-2.7	-1.6

Source: Authors' calculations based on EEC data

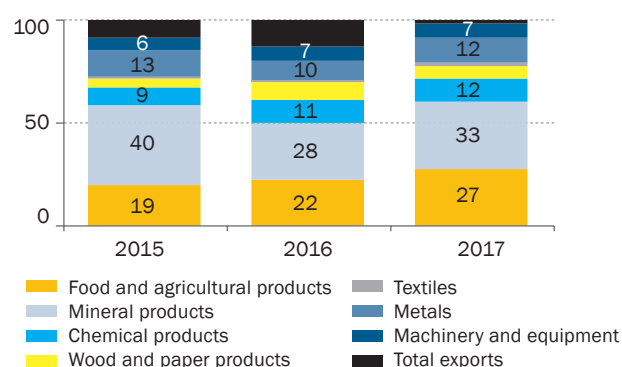
Textiles, fruit, vegetables and mineral commodities are dominant in the structure of Kyrgyz exports to EAEU countries. (Fig. 25). Kyrgyzstan supplies clothing and clothing accessories, as well as vegetables, dried fruit and dairy products to the Russian market. The list of exports to Kazakhstan consists of ore and concentrates, dairy products and clothing. Imports from EAEU countries are dominated by mineral products, foods and metals. Kyrgyzstan imports oil and steel products from Russia and Kazakhstan. Kazakhstan is also its main supplier of grain.

Figure 25. Structure of Kyrgyzstan's exports to the EAEU split by enlarged commodity groups (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

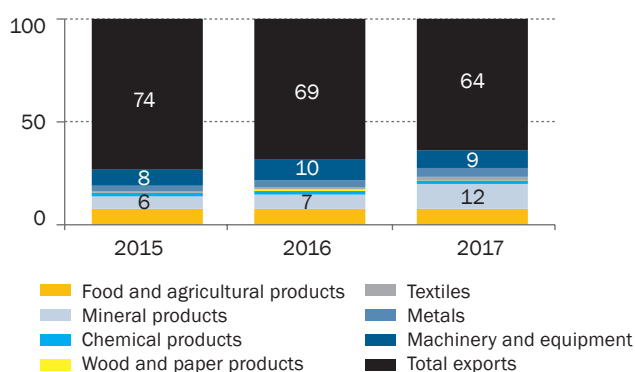
Figure 26. Structure of Kyrgyzstan's imports from the EAEU split by enlarged commodity groups (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

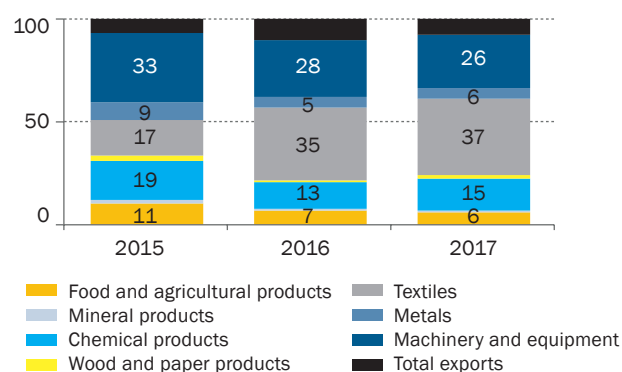
Gold makes up approximately 70% of Kyrgyzstan's exports to third countries. The rest consists of ores and concentrates, and fruit and vegetables, supplied respectively to China and Turkey. Machinery and equipment imported mainly from China and the USA, and textiles supplied from China and Turkey, dominate in the structure of imports from third countries.

Figure 27. Structure of Kyrgyzstan's exports to third countries split by enlarged commodity groups (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Figure 28. Structure of Kyrgyzstan's imports from third countries split by enlarged commodity groups (for the first 10 months of the year), %

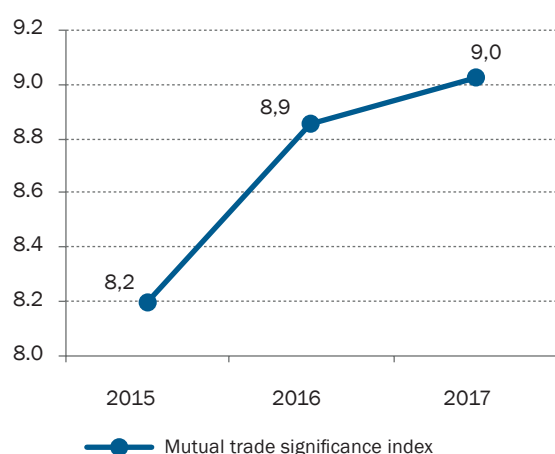


Source: Authors' calculations based on EEC data

RUSSIAN FEDERATION

The importance for the Russian Federation of mutual trade within the EAEU is growing, but it remains moderate (Fig. 29). As in the case with the Republic of Belarus, the increase in the mutual trade significance indicator in January-October 2016 was driven by a decrease in trade with third countries (Table 5). In January-October 2017, the value of the indicator remained virtually unchanged, which points to similar intensity of trade between Russia and EAEU countries and third countries (Fig. 29).

Figure 29. Mutual trade significance indicator for the Russian Federation and the EAEU (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

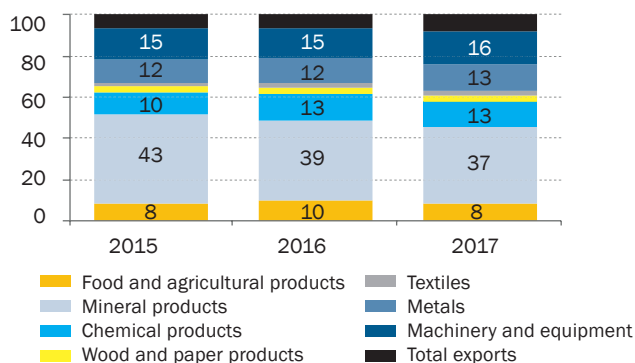
Table 5. Change factors in the mutual trade significance index (January-October compared with January-October of the previous year)

	2015	2016	2017
Mutual trade significance index, %	8.2	8.9	9.0
change due to			
Russian Federation exports to EAEU	-	-0.5	1.4
Russian Federation imports from EAEU	-	-0.1	0.7
Russian Federation exports to third countries	-	1.2	-1.3
Russian Federation imports from third countries	-	0.1	-0.7

Source: Authors' calculations based on EEC data

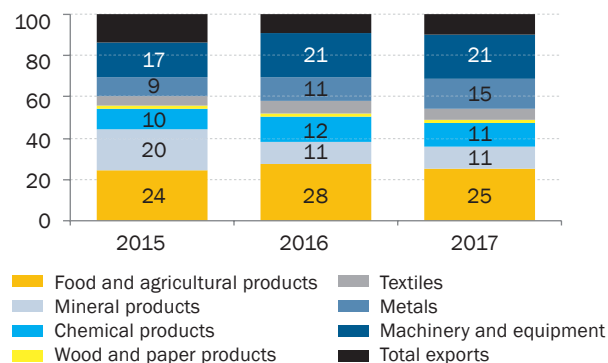
The main item in Russian exports to EAEU countries is fuel and energy resources, the share of which has been decreasing over the last three years (Fig. 30). It should be noted that, in the structure of exports from Russia to third countries, the share of fuel and energy resources is much higher (Fig. 32). One can note the significantly greater importance of machinery, equipment and vehicles in the Russian Federation's imports from third countries in comparison with imports from the EAEU (Fig. 31, 33). In general, the growth in the share of machinery and equipment in the Russian Federation's imports from both the EAEU and third countries is largely due to the revival of investment activity in Russia in the second half of 2016 and January-October 2017. In recent years, the share of imports of food products and agricultural raw materials from the countries of the region has increased, while it has reduced from third countries, which is a result of food sanctions against EU countries and other third countries.

Figure 30. Structure of Russia's exports to the EAEU split by enlarged commodity groups
(for the first 10 months of the year), %



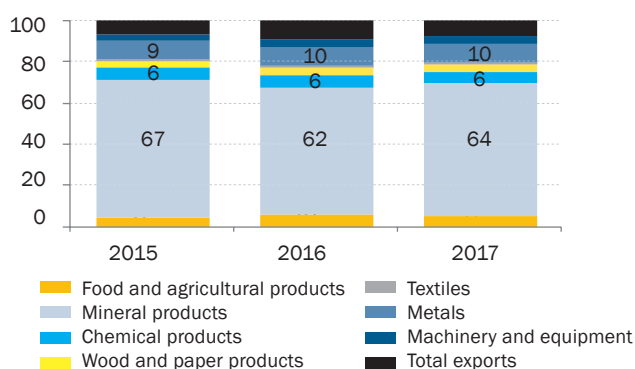
Source: Authors' calculations based on EEC data

Figure 31. Structure of Russia's imports from the EAEU split by enlarged commodity groups
(for the first 10 months of the year), %



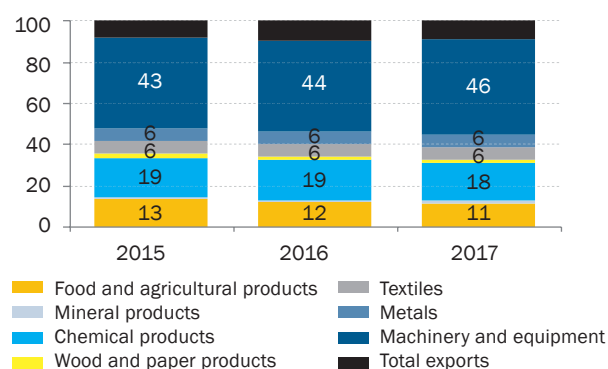
Source: Authors' calculations based on EEC data

Figure 32. Russian export trade structure to third countries split by enlarged commodity groups
(for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Figure 33. Russian import trade structure from third countries split by enlarged commodity groups
(for the first 10 months of the year), %



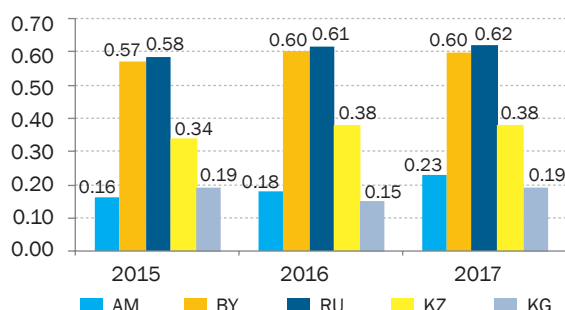
Source: Authors' calculations based on EEC data

DEVELOPMENT TRENDS FOR MUTUAL TRADE

In order to identify potential fields for cooperation and expansion of mutual trade between EAEU countries, we conducted an analysis of intra-industry trade in the region. Intra-industry trade is defined as export/import trade flows within industries between countries [1]. Economics literature, as a rule, notes that intra-industry trade between countries produces a positive effect on the rate of the countries' economic growth, which is associated with higher labor productivity as a result of economies of scale and greater diversification of export-import flows.

The Grubel-Lloyd Index has been used to assess the intra-industry trade within the EAEU⁷ [3].

Figure 34. Grubel-Lloyd indices for EAEU countries (for the first 10 months of the year), %



Source: Authors' calculations based on EEC data

Table 6. Interpretation of Grubel-Lloyd indices for individual commodity groups

Level I	$I > 0.33$	Existence of intra-industry trade
Level II	$0.10 \leq I \leq 0.33$	Potential for intra-industry trade development
Level III	$I < 0.10$	Absence of intra-industry trade

Source: [4]

The Grubel-Lloyd Index increased for all EAEU countries in 2015-2017 with the exception of the Kyrgyz Republic, which is a positive trend in EAEU mutual trade.

For the identification of commodity groups (industries) that have the potential to increase mutual intra-industry trade, the calculated indices for each group were averaged over the three analyzed time periods (January-October 2015, 2016 and 2017) and compared with the critical values provided [4]. Table 7 presents commodity groups that have the potential to increase mutual intra-industry trade within the EAEU for selected countries in the union.

The greatest potential for increasing mutual intra-industry trade is found in the Republic of Kazakhstan, the Kyrgyz Republic and the Republic of Armenia, which are characterized by relatively low Grubel-Lloyd Index values for 2015-2017. In all the countries under consideration, high potential for increasing mutual intra-industry trade is observed in the food production and agricultural goods sectors. It is possible to expand mutual trade in textile and chemical industries' products too. In addition, Armenia, Kazakhstan and Kyrgyzstan have the potential to intensify mutual trade in metals and metal products, as well as machinery and equipment. The Republic of Belarus has the opportunity to expand trade in metals and metal products, and the Russian Federation could expand trade in manufactured forestry products, machinery and equipment.

⁷ The Grubel-Lloyd Index is seen in the following equation in the case of trade within one industry between two countries:

$$I = 1 - \frac{|X - M|}{X + M},$$

Where I = the Grubel-Lloyd Index, X = exports of goods, M = imports of goods.

The Grubel-Lloyd Index's values range from 0 to 1, where 0 is the absence of mutual trade flows, and 1 is a complete concurrence in the volume of mutual trade flows. Accordingly, the index's value approaching 1 indicates an improvement in the quality of intra-industry trade. The calculation involved rounding to double digit of HS. At the same time, in order to obtain the most accurate results when calculating the index, fuel and energy products were excluded (code 27 of HS). The use of the Grubel-Lloyd Index for countries as a whole was calculated as the weighted average of individual indices for commodity groups with weights equal to the share of foreign trade of each group in overall foreign trade of the country with the EAEU.

Table 7. Commodity groups with the potential for increased mutual intra-industry trade within the EAEU

Country	HS code and name, according EAEU classification	Grubel-Lloyd Index
Republic of Armenia	Food and agricultural raw materials	
	07 Vegetables, root and tuber crops	0.15
	08 Edible fruit and nuts	0.10
	18 Cocoa and cocoa products	0.19
	21 Miscellaneous food products	0.20
	22 Alcoholic and nonalcoholic beverages, vinegar	0.23
	Mineral products	
	25 Salt, sulfur, mineral building materials	0.16
	Chemical industry products, rubber	
	29 Organic chemical compounds	0.16
	33 Essential oils, perfumes and cosmetics	0.13
	38 Other chemical products	0.18
	39 Plastics and plastic products	0.32
	Tanning raw materials, furs and products made of them	
	41 Raw hides (except fur), leather	0.17
	42 Leather goods	0.14
	43 Natural and artificial fur and products made of them	0.33
	Textiles, textile products and footwear	
	53 Other plant-based textile fibers	0.14
	55 Chemical fibers	0.10
	59 Impregnated textile materials	0.32
	61 Knitted clothing and clothing accessories	0.25
	63 Other finished textile products, second-hand clothes, rags	0.30
	66 Umbrellas, walking sticks, riding whips, whips, and their parts	0.30
	67 Feathers and down, articles made of them; artificial flowers; articles from human hair	0.23
	Stone products, ceramic products, glass	
	69 Ceramic products	0.11
	Metals and metal products	
	72 Ferrous metals	0.15
	73 Ferrous metal products	0.10
	Machinery, equipment and vehicles	
	84 Nuclear reactors, boilers, equipment and mechanical appliances and the parts thereof	0.27
	85 Electrical machines and equipment; audio and video equipment, televisions, their accessories and parts thereof	0.27
	Miscellaneous manufactured goods	
	95 Toys, games and sports equipment; and parts thereof	0.10
	Works of art, antiques	
	97 Works of art, collectibles, antiques	0.13

Republic of Belarus	Food and agricultural raw materials	
	06 Live trees and other plants, bulbs, roots, cut flowers	0.11
	12 Oil seeds and fruit; medicinal plants; straw and forage	0.18
	15 Fats and oils of animal or vegetable origin	0.23
	16 Pre-prepared products from meat, fish or crustaceans	0.21
	Chemical industry products, rubber	
	28 Inorganic chemical products	0.30
	29 Organic chemical compounds	0.30
	Textiles, textile products and footwear	
	53 Other plant-based textile fibers	0.13
	Metals and metal products	
	72 Ferrous metals	0.26
	74 Copper and copper products	0.16
	75 Nickel and nickel products	0.12
	79 Zinc and zinc products	0.10
	80 Tin and tin products	0.14
	Miscellaneous manufactured goods	
	94 Furniture, bedding, mattresses, light fixtures	0.32

Republic of Kazakhstan	Food and agricultural raw materials	
	01 Live animals	0.31
	04 Dairy products, eggs, honey	0.27
	10 Cereals	0.29
	15 Fats and oils of animal or vegetable origin	0.21
	16 Pre-prepared products from meat, fish or crustaceans	0.14
	18 Cocoa and cocoa products	0.33
	19 Prepared products from grain, grain flour, starch, or milk	0.20
	21 Miscellaneous food products	0.11
	Chemical industry products, rubber	
	30 Pharmaceutical products	0.13
	32 Tanning or dyeing extracts	0.26
	33 Essential oils, perfumes and cosmetics	0.14
	34 Soap; detergents; lubricating materials; pastes	0.10
	37 Photo and film products	0.32
	39 Plastics and plastic products	0.20
	Tanning raw materials, furs and products made of them	
	43 Natural and artificial fur and products made of them	0.15
	Wood and pulp and paper products	
	45 Cork and cork products	0.13
	46 Baskets and other wickerwork products	0.28

Republic of Kazakhstan	Textiles, textile products and footwear	
	51 Wool, yarn and fabric	0.29
	54 Chemical fibers	0.23
	60 Machine- and hand-knitted fabrics	0.31
	61 Knitted clothing and clothing accessories	0.32
	62 Textile clothing and clothing accessories	0.29
	63 Other finished textile products, second-hand clothes, rags	0.31
	65 Headwear and parts thereof	0.12
	66 Umbrellas, walking sticks, horse whips, whips and their parts	0.19
	67 Feathers and down, articles made of them; artificial flowers; articles of human hair	0.13
	Products made of stone, gypsum, cement, asbestos, mica or similar materials; ceramic products; glass and articles thereof	
	68 Articles of stone, gypsum, cement, asbestos, mica and similar materials	0.10
	Metals and metal products	
	75 Nickel and nickel products	0.21
	79 Zinc and zinc products	0.11
	83 Other base metal products	0.12
	Machinery, equipment and vehicles	
	84 Nuclear reactors, boilers, equipment and mechanical appliances and the parts thereof	0.17
	85 Electrical machines and equipment; audio and video equipment, televisions, their accessories and parts thereof	0.22
	Miscellaneous manufactured goods	
	95 Toys, games and sports equipment; and parts thereof	0.16
	96 Miscellaneous manufactured products	0.18
Republic of Kyrgyzstan	Food and agricultural raw materials	
	05 Other animal products	0.29
	06 Live trees and other plants, bulbs, roots, cut flowers	0.25
	07 Vegetables, root and tuber crops	0.19
	12 Oil seeds and fruit; medicinal plants; straw and forage	0.30
	16 Pre-prepared products from meat, fish or crustaceans	0.13
	19 Prepared products from grain, grain flour, starch, or milk	0.16
	20 Processed vegetable, fruit, and nut products	0.13
	22 Alcoholic and nonalcoholic beverages, vinegar	0.17
	24 Tobacco and industrial tobacco substitutes	0.17

Republic of Kyrgyzstan	Mineral commodities	
	26 Ore, slag and ash	0.18
	Chemical industry products, rubber	
	28 Inorganic chemical products	0.11
	32 Tanning or dyeing extracts	0.10
	33 Essential oils, perfumes and cosmetics	0.17
	38 Other chemical products	0.18
	40 Rubber and rubber products	0.11
	Tanning raw materials, furs and products made of them	
	41 Raw hides (except fur), leather	0.14
	43 Natural and artificial fur and products made of them	0.18
	Wood and pulp and paper products	
	48 Paper, cardboard, products made of them	0.30
	49 Printing industry products	0.19
	Textiles, textile products and footwear	
	62 Textile clothing and clothing accessories	0.17
	66 Umbrellas, walking sticks, horse whips, whips and their parts	0.28
	Metals and metal products	
	74 Copper and copper products	0.28
	76 Aluminum and aluminum products	0.22
	79 Zinc and zinc products	0.22
	82 Base metal tools and tableware	0.18
	Machinery, equipment and vehicles	
	84 Nuclear reactors, boilers, equipment and mechanical appliances and the parts thereof	0.27
	86 Railway and rolling stock, trams, track equipment, parts thereof	0.22
	Miscellaneous manufactured goods	
	95 Toys, games and sports equipment; and parts thereof	0.11
	Works of art, antiques	
	97 Works of art, collectibles, antiques	0.15

Russian Federation	Food and agricultural raw materials	
	02 Meat and edible meat by-products	0.21
	04 Dairy products, eggs, honey	0.15
	06 Live trees and other plants, bulbs, roots, cut flowers	0.24
	07 Vegetables, root and tuber crops	0.10
	09 Coffee, tea, mate, spices	0.27
	13 Shellac, gums, resins, other vegetable juices and extracts	0.21
	21 Miscellaneous food products	0.28
	Chemical industry products, rubber	
	34 Soap; detergents; lubricating materials; pastes	0.15
	36 Explosives, pyrotechnic products, matches	0.12
	Wood and pulp and paper products	
	48 Paper, cardboard, products made of them	0.29
	Textiles, textile products and footwear	
	50 Silk	0.26
	53 Other plant-based textile fibers	0.29
	54 Chemical fibers	0.31
	57 Carpets and other textile floor coverings	0.28
	Machinery, equipment and vehicles	
	86 Railway and rolling stock, trams, track equipment, parts thereof	0.25
	89 Ships, boats and watercraft	0.23
	Miscellaneous manufactured goods	
	96 Miscellaneous manufactured products	0.10
	Works of art, antiques	
	97 Works of art, collectibles, antiques	0.30

CONCLUSION

The EAEU was established at a time of decrease in world prices for its main export products, which led to a reduction in foreign trade operations. Despite the fact that, at the initial stage, the volumes of both external and internal trade decreased, the mutual trade significance index either improved or remained at a high level, and the recovery rates for mutual trade outpaced the recovery of exports to third countries. The growth of mutual trade served as an impetus for the recovery of the union's economies following the global economic crisis.

Analysis of trade flows shows that exports from EAEU member countries to third countries are less diversified than those in mutual trade. Commodities are still the most competitive exports for EAEU countries on foreign markets. In 2017, there were signs of increased commodity diversification in mutual trade. However, in terms of geographical distribution, bilateral trade is still built around the Russian market. Among the other four EAEU countries, only Kyrgyzstan, besides the Russian market, supplies a significant share of its exports to another country, i.e. Kazakhstan. In this context, the potential for expanding integration is concentrated in the development of intra-industry trade. According to our estimates, the greatest potential for increasing mutual intra-industry trade exists in the Republic of Kazakhstan, the Kyrgyz Republic and the Republic of Armenia. Inside the union, there is an opportunity to expand mutual trade in products from the textile and chemical industry, metals and products thereof, processed forestry products, as well as machinery and equipment.

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