

# 'Trade with Iran is significant to EAEU

## Economy Desk

Iranian Parliament has agreed to the general principles of the free trade deal between the Islamic Republic of Iran and the Eurasian Economic Union, which comprise Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia. During the public session on December 22, the report of the Economic Commission on the agreement was reviewed, and the representatives endorsed the overall terms of the Free Trade Agreement between Iran and the Eurasian Economic Union and its member states.

Leaders of the Eurasian Economic Union (EAEU) countries will grant Iran an observer status and discuss the joint work of the members and the Islamic Republic within their Free Trade agreement in a meeting to be held in St. Petersburg today.

They are also set to sign a number of documents on forming a unified customs transit system, a common electricity market, and a single market for services that harmonizes financial laws and implements liberalization plans for certain sectors of services.

The meeting comes just a year after the Eurasian bloc signed a fully-fledged agreement with Iran to eliminate customs duties on almost 90% of goods and establish a preferential regime for almost all trade between Iran and Russia.

The Free Trade Agreement between the intergovernmental economic union and its member states, of the one part, and the Islamic Republic of Iran, of the other part was signed on December 25, 2023 on the sidelines of the Supreme Eurasian Economic Council. The agreement will enter into force after all the necessary procedures are completed and will replace the Interim Agreement, which signed on May 17, 2018 and came into force on October 27, 2019.

The FTA did not come into effect in the territories of the union and Iran. Four out of the five countries party to the deal with Iran have ratified it in their own parliaments, with the final ratification pending in the Iranian Parliament and another country's parliament.

Following the final ratification of this agreement, 87% of the exports to the union have already been exempted from customs duties, and the remaining 13% of exports to these countries will be exempt from these tariffs in the future.

Observer members of the union are Uzbekistan, Moldova, and Cuba.

The bloc was established on Jan. 1, 2015, after it superseded the Eurasian Economic Community that functioned from 2000 to 2014.

Andrei Slepnev, the Minister of Trade for the Eurasian Economic Union, has recently described the agreement reached with the Islamic Republic on the free trade zone significant for the union "because this country is a close neighbor to the south and one of the key countries in the Caspian Sea region."

Slepnev, in an interview with the Izvestia news agency, addressed the importance of the union's relations with Iran and other trade issues:

Iran has made significant achievements in import substitution, developing its own technologies, and resisting the pressures of sanctions, Slepnev said.

In response to the question of whether all countries have ratified the FTA with Iran, he said: "We are actively developing our network of free trade agreements; the ratification of the recent agreement with Iran has now been completed in four member countries of this union".

The Minister of Trade of the EAEU emphasized, "We plan to have an agreement in place by the time the leaders of this union meet in St. Petersburg in late December 2024, and for it to be implemented at the beginning of the following year."

### Shift of trade to Global South

In another part of this conversation, Slepnev stated that by the end of 2024, the share of Global South countries in trade exchanges with the Eurasian Economic Union will be 75 percent, thus the union has completely restructured its priorities.

He noted that the bloc has "shifted its trade priorities from Western countries to Global South countries". According to the trade minister, by 2022, the European Union's share of trade exchanges with the Eurasian Economic Union was over 40 percent, while the share of Global South countries was less than half. "However, today, the share of our European partners has

decreased by about 2.5 times. The share of Global South countries has been steadily growing, and we now predict that by the end of 2024, it will reach 75 percent of our trade turnover. Our transition of trade to the Global South has essentially been completed," he said.

### China, main partner of EAEU

"Today, China is the main partner of this union, and this country accounts for just over one third of our total foreign trade. By the end of 2023, the growth of trade between the parties was very significant, and it is expected that by 2025, the trade growth of the union and this country will reach three percent. Slepnev continued, "95 percent of all settlements with China are conducted in national currencies".

### Plans for trade development

The Minister of Trade of the Eurasian Economic Union stated that a significant increase in the union's trade with other partners, including Turkey, India, the United Arab Emirates, and Brazil, has been observed, and it is expected that trade with Turkey and India will reach 60 billion dollars by the end of 2024.

Slepnev continued, in trade with India, the share of settlements in national currencies has seen substantial growth. We anticipate that by the end

of this year, another record will be achieved in this area, with over 65 percent of settlements conducted in national currencies.

He stated that a free trade agreement with Mongolia is also set to be signed in December, which is expected to increase trade with this country by one and a half to two times. He added that the union also intends to strengthen cooperation with African countries, noting that trade volume with Tunisia is on the rise.

Slepnev emphasized that the Eurasian Economic Union is also prioritizing the digitalization of processes; currently, between 90 to 95 percent of transportation processes in Russia and Belarus are conducted using paperless technologies.

On December 11, the United Arab Emirates and the EAEU successfully concluded negotiations aimed at reaching a comprehensive economic partnership agreement to enhance bilateral trade in goods between the UAE and the five members of the EAEU bloc.

The UAE's Minister of State for Foreign Trade Thani bin Ahmed Al Zeyoudi and Andrei Slepnev have confirmed the conclusion of negotiations toward an Economic Partnership Agreement (EPA) between the UAE and the EAEU.

The agreement reinforces the centrality of foreign trade to the UAE's economic agenda. The Comprehensive Economic Partnership Agreement program now boasts six deals in force with a further nine

Slepnev believes that the EAEU actively forms a network of economic partnerships with friendly countries. The Economic Partnership Agreement with the United Arab Emirates is a significant milestone, given the UAE's role as a global hub in



Andrei Slepnev, the Minister of Trade for the Eurasian Economic Union

signed and awaiting implementation.

"With a combined population of some 200 million people and a GDP approaching US\$5 trillion, the EAEU offers a rich seam of opportunity for our private sector, while the UAE and its growing network of global trade partners offers EAEU exporters streamlined access to the competitive, high-growth markets in the Middle East, Africa, Asia and South America. This agreement deepens vital links between the Persian Gulf and Eurasia region, and we look forward to seeing the tangible benefits our deeper ties unfold," Al Zeyoudi said.

the region. The EPA will provide additional boost for mutual trade, which is already showing unprecedented growth, and create systemic basis for cooperative ties," he said.

### Overview of Iran's trade with EAEU member states

The press service of the Eurasian Economic Union previously announced to IRNA that the trade volume between this union and the Islamic Republic of Iran increased by 11 percent in the first nine months of 2024 compared to the same period last year.

The increase in trade volume between Iran and the five



The FTA reached with the Islamic Republic of Iran is important for the EAEU because this country is a key partner at our southern borders and one of the key countries in the North-South corridor.