

Customs Union Forming Closer Ties

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Russia and its customs union partners, Belarus and Kazakhstan, on Friday signed a declaration seeking to reinstate even more of the bonds — possibly even a common currency — that snapped with the Soviet collapse.

In a separate agreement, President Dmitry Medvedev and his counterparts from Kazakhstan and Belarus created an agency that will run the integration effort by regulating the economies and trade of the three states.

Kazakh President Nursultan Nazarbayev rejected the idea that the decision for the former Soviet republics to come closer together looks like a return to their Communist past. If and when created, the new, capitalist union will have none of the ideology or full state control over the economy that its would-be members ended 20 years ago, he said.

"How can one speak about the reincarnation of the U.S.S.R.?" he told a news conference after the signing ceremony. "These are some incomprehensible phantom fears of our opponents or simply enemies who do not want to have this integration."

In the Declaration of Eurasian Economic Integration, the three customs union members reconfirmed the transition to a Common Economic Space as of Jan. 1 — resulting in a free flow of capital, services and work force within its boundaries. It will conform to the rules and principles of the World Trade Organization, which Russia is almost certain to join next year.

Ultimately, the members pledge to upgrade the group to a Eurasian economic union that will have more unified rules for their economies, trade, currency and foreign migration policies — and possibly introduce a single currency.

The declaration stated that the signatories would seek to create the union by 2015.

"We won't make a fuss or waste our efforts," Medvedev said at the news conference. "But if opportunities arise, we will move faster."

Nazarbayev proposed that the three countries should replace the dollar with their own currencies in their mutual trade, and eventually come to a common currency.

Russian Industry and Trade Minister Viktor Khristenko, who will likely play a leading role in the integration, said Friday that the presidents hadn't yet put the single-currency issue on the table.

✘ Khristenko is the top candidate to lead the executive board of the Eurasian Economic Commission, the agency that — under the other agreement the presidents signed Friday — will oversee the operation of the Common Economic Space and any further amalgamation of the countries, all three presidents said.

"You can say we have appointed him," Lukashenko said.

Medvedev expressed his consideration for the legislative branches in the member countries, saying the commission agreement first needs to gain their endorsement.

Khristenko would have to leave his ministerial post to serve as chairman of the executive board. The chairman's term lasts four years. A member country delegates three people to the board that will start work Jan. 1 and for now sit in Moscow.

The commission will have a upper tier, called the council, which will consist of deputy prime ministers of member countries and the chairman of the executive board. It is expected that First Deputy Prime Minister Igor Shuvalov will represent Russia on the council.

The ultimate ruling body for the Common Economic Space will be the Supreme Eurasian Economic Council, which will consist of heads of states and cabinets.

Structure of the Eurasian Union

Body	Members
Supreme Council	Heads of states and cabinets
Eurasian Economic Commission:	
Council	One deputy prime minister to represent each member country + chairman of the Executive Board

Executive Board Three people to represent each member country; Khristenko a likely candidate to be chairman.
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