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Russia Approves Terms for Free Trade Pact With Vietnam

By The Moscow Times

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President Vladimir Putin greets Vietnam President Truong Tan Sang with his wife Mai Thi Hanh during Putin's welcome reception for foreign delegations' heads and honorary guests in the Kremlin in Moscow, May 9.

The Russian government said Monday that it has approved a draft agreement for a free trade zone between Vietnam and the Russia-led Eurasian Economic Union (EEU) as Moscow seeks to boost ties with Asia amid worsening relations with the West over the Ukraine crisis.

The draft document lowers or annuls import duties on a wide range of goods with the exception of several unidentified "sensitive commodity items," the government said in a press release.

The agreement will be ratified on May 29 at a summit meeting of the EEU, the Interfax news agency cited Kazakh President Nursultan Nazarbayev as saying earlier this month. The EEU, officially formed on Jan. 1 this year after heavy Russian lobbying, is an economic alliance

of post-Soviet nations consisting of Russia, Belarus, Kazakhstan and Armenia.

The deal marks another stepping stone in Russia's move to boost economic ties with Asia as Moscow hunts for new sources of investment to fill the gap left by Western sanctions over the Ukraine crisis.

While trade turnover between Vietnam and Russia stood at just under $4 billion in 2013, according to Russia's Economic Development Ministry, Russian Prime Minister Dmitry Medvedev said in April that he sees trade rising to $10 billion a year over the next five years.

A deal with Vietnam could also serve as a launchpad for Russia to ultimately reach a free trade agreement with the Association of Southeast Asian Nations (ASEAN), a trade bloc of the regions' biggest economies.

ASEAN's members include Vietnam, Indonesia, Malaysia, Singapore, Thailand and the Philippines. The trade bloc's total gross domestic product stood at $2.4 trillion in 2013, which, if considered as a single country, would make it the seventh-largest economy in the world, according to an ASEAN report published last year and cited by consulting group McKinsey.

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