

The Eurasian Economic Union

Issues and Challenges for Palm Oil

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The Eurasian Economic Union

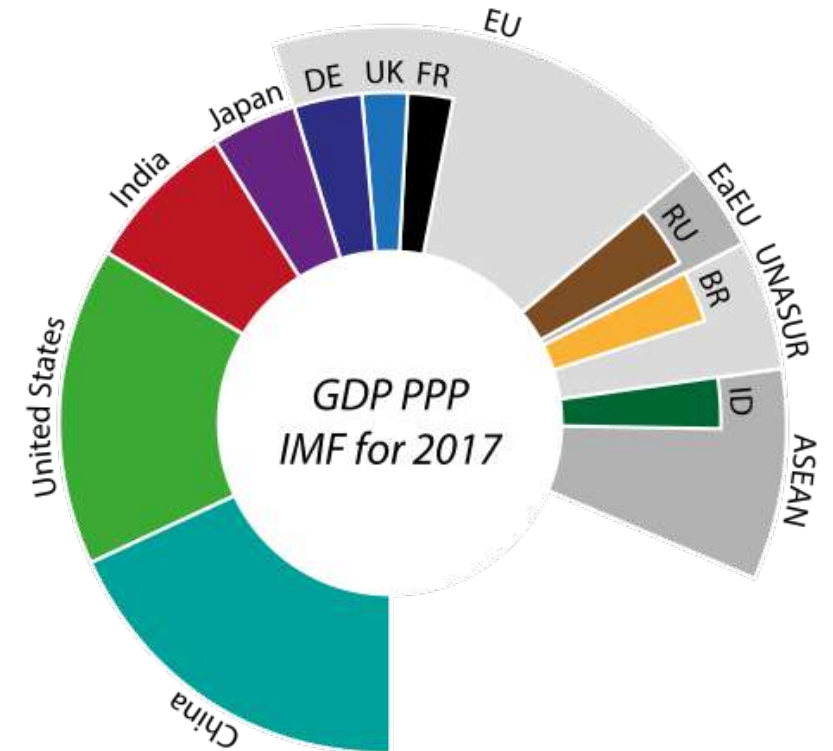
- The Eurasian Economic Union is a political and economic union of states located in central and northern Eurasia. The Treaty signed on 29 May 2014 by the leaders of Belarus, Kazakhstan and Russia. Treaties aiming for Armenia's and Kyrgyzstan's accession were signed on 9 October and 23 December 2014, respectively.
- **The Eurasian Economic Union has an integrated single market of 183 million people and a gross domestic product of over 4 trillion U.S. dollars (PPP).**
- The EAEU introduces the free movement of goods, capital, services and people and provides for common policies in macroeconomic sphere, transport, industry and agriculture, energy, foreign trade and investment, customs, technical regulation, competition and antitrust regulation.
- The union operates through supranational and intergovernmental institutions. The Supreme Eurasian Economic Council is the "Supreme Body" of the Union, consisting of the Heads of the Member States.
- The second level of intergovernmental institutions is represented by the Eurasian Intergovernmental Council (consisting of the Prime Ministers of member states). The day-to-day work of the EAEU is done through the Eurasian Economic Commission (the executive body), which is a supranational body similar to European Commission. There is also a judicial body – the Court of the EAEU.

The Eurasian Economic Union

The Republic of Armenia
joined the EAEU on
2 January 2015



The Kyrgyz Republic
joined the EAEU on
12 August 2015

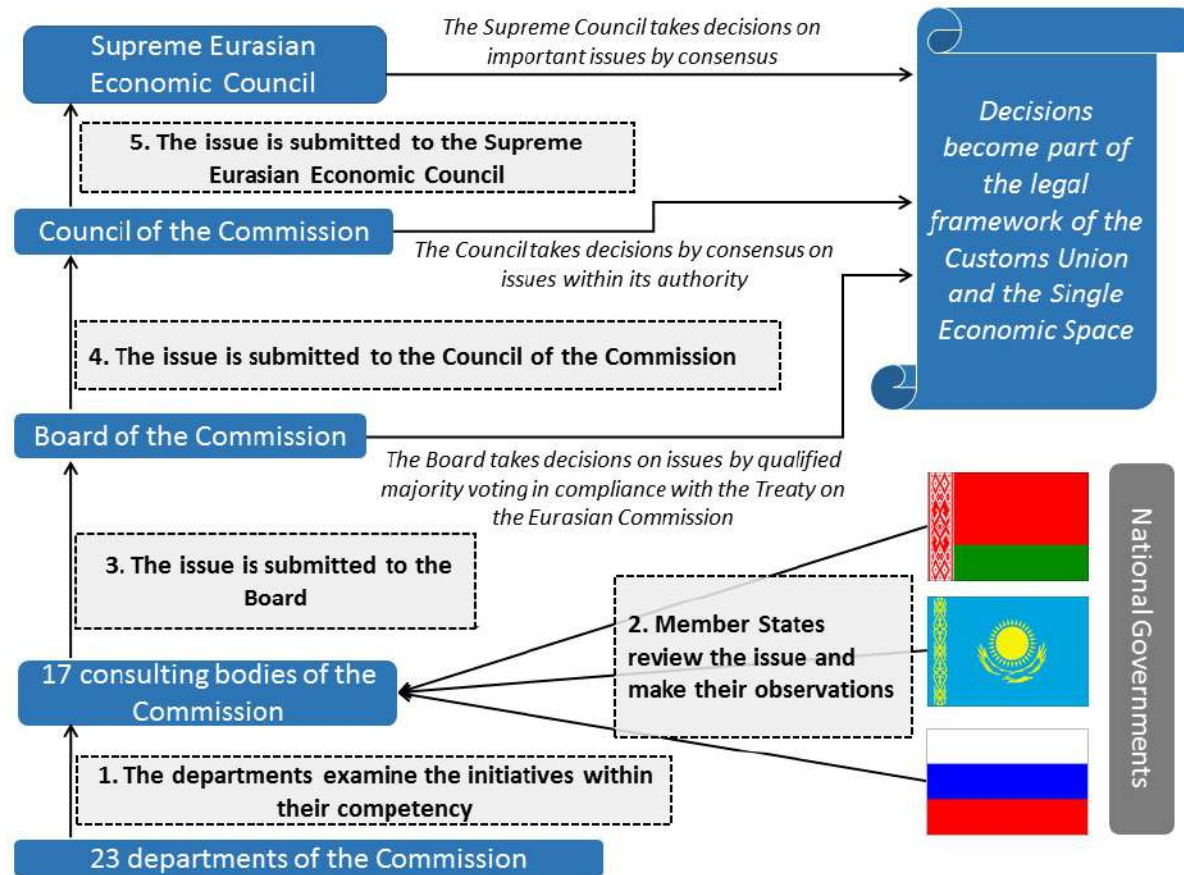


Total Internal Trade:
2014: \$57,4bln. USD

Total External Trade:
2014: \$868bln. USD

**Share of world
production:**
Natural gas: 18,4%
Oil: 14,6%

The Eurasian Economic Union





The Eurasian Economic Union

Member States

Belarus



- Population 9,491,800
- GDP (PPP) \$188 billion.
 - Per capita \$20,008
- GDP (nominal) \$59 billion.
 - Per capita \$6,301
- Official languages
 - Belarusian
 - **Russian**



Belarus



Belarus's imports from Russian Federation

Product	Value in 2017, USD thousand	Share in Belarus's imports, %
All products	19384579	65
Mineral fuels	6600818	99
Not specified	3847222	97
Iron and steel	1253229	83
Machinery	1000312	33
Electrical machinery	740854	46

Belarus's exports to Russian Federation

Product	Value in 2017, USD thousand	Share in Belarus's exports, %
All products	11397537	51
Dairy produce	1923789	93
Vehicles	1495854	74
Machinery	905918	78
Not specified	705943	88
Meat	672173	96

Kazakhstan



- Population 17,987,736
- GDP (PPP) \$497 billion.
 - Per capita \$26,929
- GDP (nominal) \$170 billion.
 - Per capita \$9,224
- Official languages
 - Kazakh (official state language)
 - **Russian (used as official)**



Kazakhstan



Kazakhstan's imports from Russian Federation

Product	Value in 2017, USD thousand	Share in Kazakhstan's imports, %
All products	11472924	39
Mineral fuels	1410110	80
Machinery	1039619	22
Iron and steel	851785	82
Electrical machinery	705479	23
Vehicles	675640	39

Kazakhstan's exports to Russian Federation

Product	Value in 2017, USD thousand	Share in Kazakhstan's exports, %
All products	4515165	9
Iron and steel	1178543	28
Ores, slag and ash	953211	45
Mineral fuels	602476	2
Inorganic chemicals	521221	24
Copper	155680	6

Armenia



- Population 2,924,816
- GDP (PPP) \$28 billion.
 - Per capita \$9,456
- GDP (nominal) \$11 billion.
 - Per capita \$3,861
- Official language
 - Armenian
 - (*Russian is widely used)**





Armenia



Armenia's imports from Russian Federation

Product	Value in 2017, USD thousand	Share in Armenia's imports, %
All products	1170955	29
Mineral fuels	458333	73
Cereals	74369	93
Aluminium	70067	74
Machinery	46189	12
Electrical machinery	44154	17

Armenia's exports to Russian Federation

Product	Value in 2017, USD thousand	Share in Armenia's exports, %
All products	540405	26
Beverages	200682	84
Articles of apparel	42772	99
Furniture	38373	98
Precious stones	37650	18
Clothing accessories	27477	98

Kyrgyzstan



- Population 6,019,480
- GDP (PPP) \$22 billion.
 - Per capita \$3,653
- GDP (nominal) \$7 billion.
 - Per capita \$1,139
- Official languages
 - Kyrgyz (national and official)
 - **Russian (official)**
 - Uzbek (official)



Kyrgyzstan



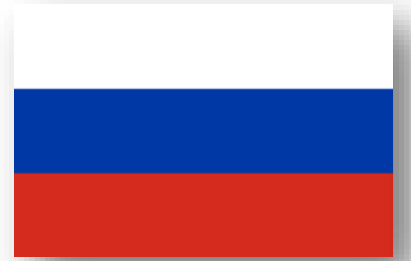
Kyrgyzstan's imports from Russian Federation

Product	Value in 2017, USD thousand	Share in Armenia's imports, %
All products	1180320	26
Mineral fuels	526341	83
Iron and steel	82203	57
Wood	49638	70
Iron or steel	32826	33
Cocoa	30213	68

Kyrgyzstan's exports to Russian Federation

Product	Value in 2017, USD thousand	Share in Armenia's exports, %
All products	261757	15
Clothing	79057	67
Footwear	38664	75
Edible fruit and nuts	25973	59
Edible vegetables	22913	29
Clothing accessories	15714	78

Russian Federation



- Population 144,526,636
- GDP (PPP) \$4,152 trillion.
 - Per capita \$28,957
- GDP (nominal) \$1,719 trillion.
 - Per capita \$11,946
- Official languages
 - **Russian**





Palm Oil Trade in the Eurasian EU

Issues and Challenges

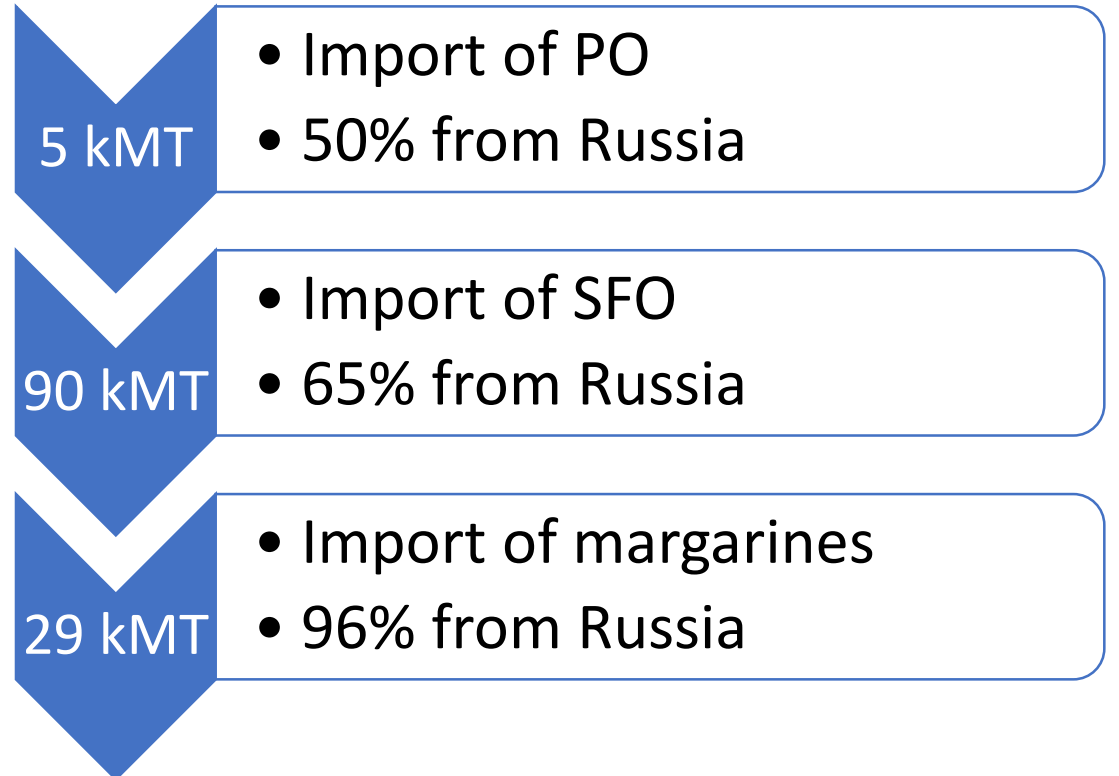
Belarus



Top 5 exporters of palm oil to Belarus

	Quantity imported in 2017 (Tons)	Share in Belarus's imports (%)
World	6220	100
Russia	3932	65.9
Germany	1578	22
Sweden	202	5.5
Netherlands	433	5.2
Ukraine	68	1.1

Domestic disappearance 334 kMT



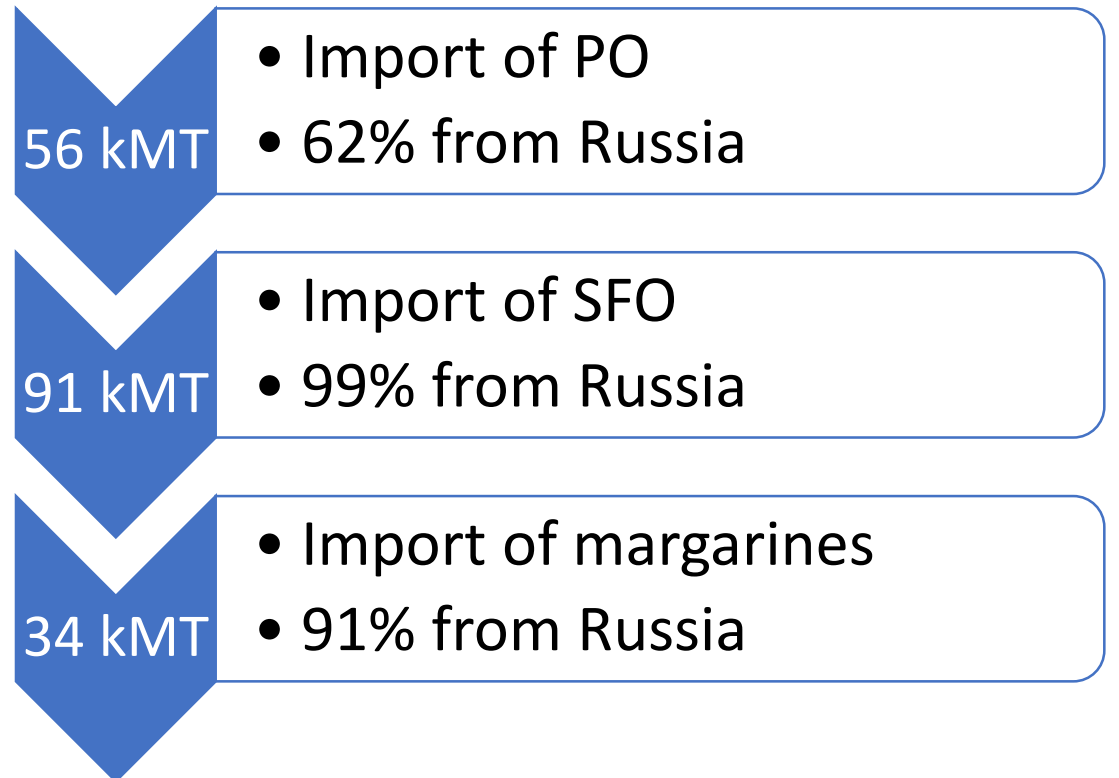
Kazakhstan



Top 5 exporters of palm oil to Kazakhstan

	Quantity imported in 2017 (Tons)	Share in Belarus's imports (%)
World	56188	100
Russia	36881	61.9
Malaysia	17970	35.8
Turkey	665	1.4
Indonesia	334	0.6
Ukraine	132	0.3

Domestic disappearance 445 kMT





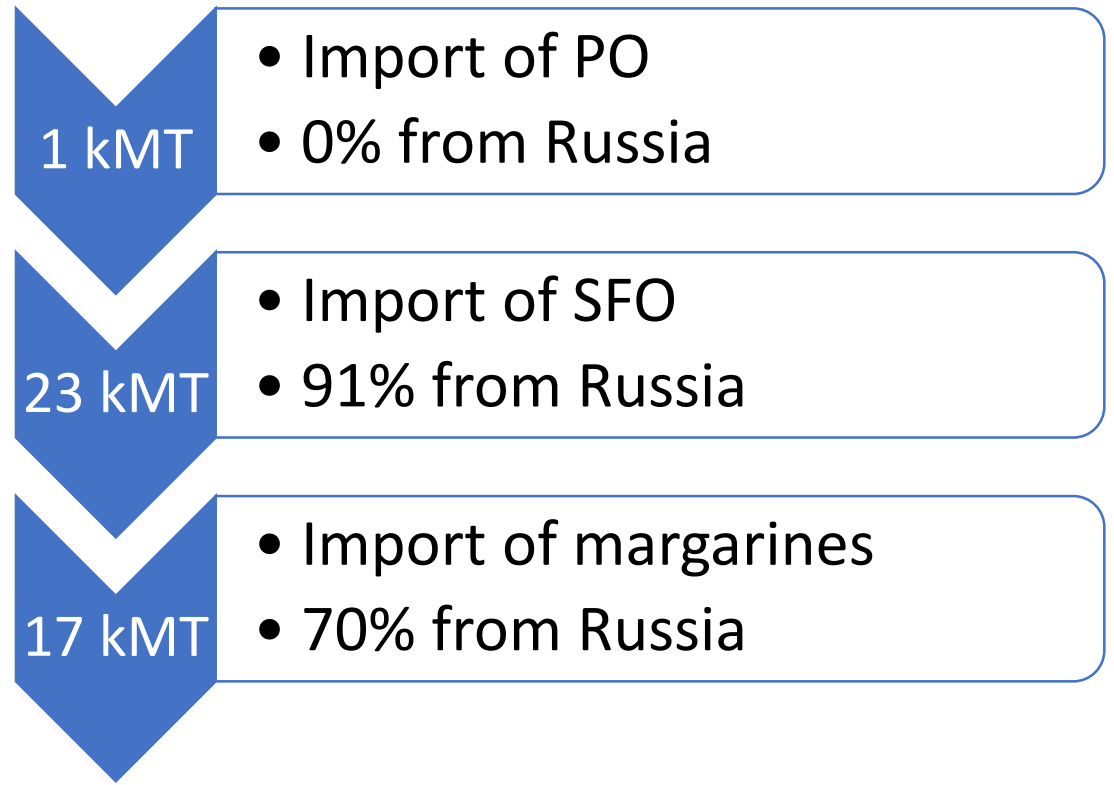
Armenia



Top 5 exporters of palm oil to Armenia

	Quantity imported in 2017 (Tons)	Share in Belarus's imports (%)
World	970	100
Malaysia	528	50.4
Ukraine	229	23.2
Italy	132	18.6
Russia	42	4.5
Iran	40	3.3

Domestic disappearance 33 kMT



Kyrgyzstan



Top 5 exporters of palm oil to Kyrgyzstan

	Quantity imported in 2017 (Tons)	Share in Belarus's imports (%)
World	3396	100
Malaysia	1797	71.8
Iran	1458	23
Kazakhstan	141	5.2

Domestic disappearance 80 kMT

3 kMT

- Import of PO
- 0% from Russia

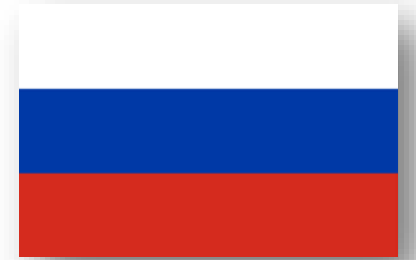
41 kMT

- Import of SFO
- 70% from Russia

11 kMT

- Import of margarines
- 73% from Russia

Russian Federation



Top 5 exporters of palm oil to Russia

	Quantity imported in 2017 (Tons)	Share in Russia's imports (%)
World	891185	100
Indonesia	733900	78.6
Malaysia	76743	9.3
Netherlands	52344	7.1
Sweden	8284	1.6
Italy	4431	1.1



TECHNICAL REGULATION OF THE CUSTOMS UNION

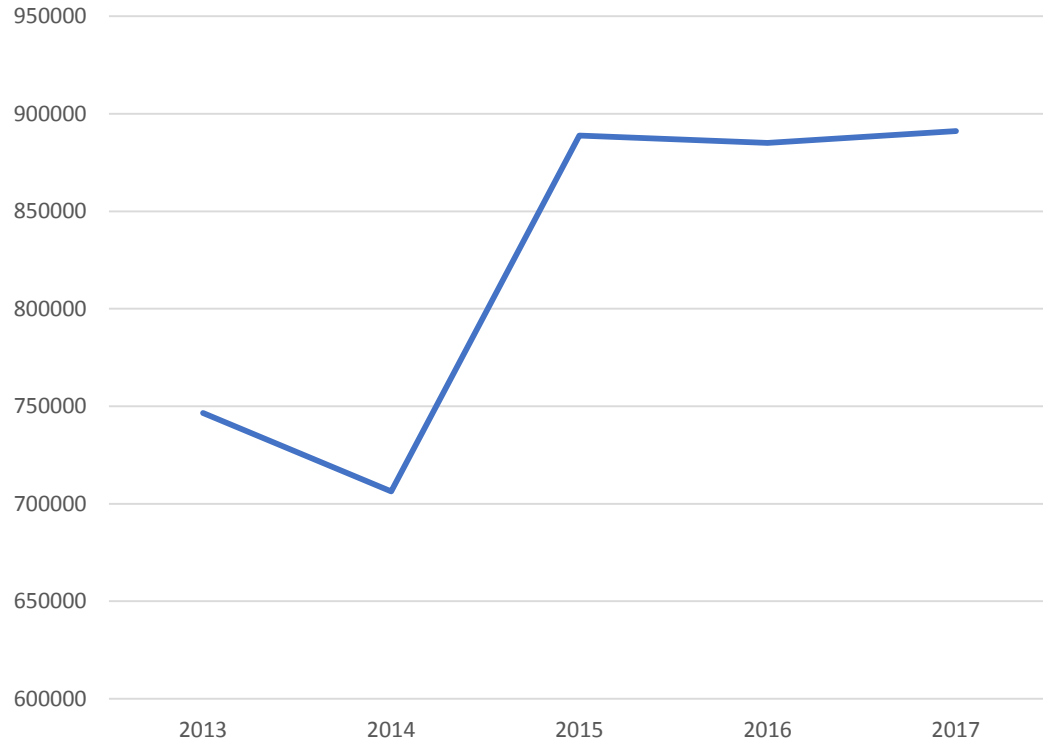
"TECHNICAL REGULATION ON FAT AND OIL PRODUCTS"

- The oil and fat market of the Customs Union is regulated according to the Technical Regulation. Decision signed on December 9, 2011 in Moscow
- The technical regulation, designed for the purpose of a single customs territory of the Customs Union.
- This "Technical regulations for fat-and-oil products", issued for circulation on the territory of the Member States of the Customs Union, a set of requirements for it, including requirements for its packaging and labeling, and to related processes of production, storage, transportation, sale.
- Technical regulation of the Customs Union "Technical Regulation on Fat and Oil Products" came into force in all the members of the Customs Union. CU TR 024/2011 "Safety of oil-fat products"

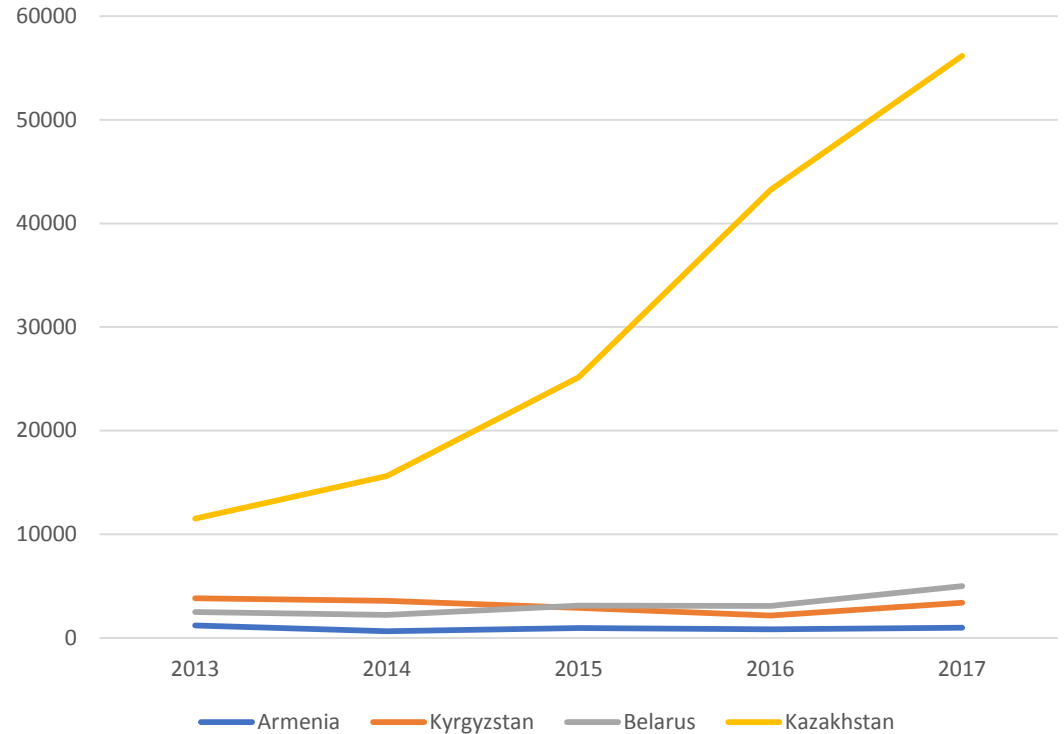


Palm oil import to Russia and the rest of Eurasian Economic Union

Palm oil import to Russia may reach one million in 2018 – expert opinion



Palm oil import to Kazakhstan began increasing after 2014 - EFKO



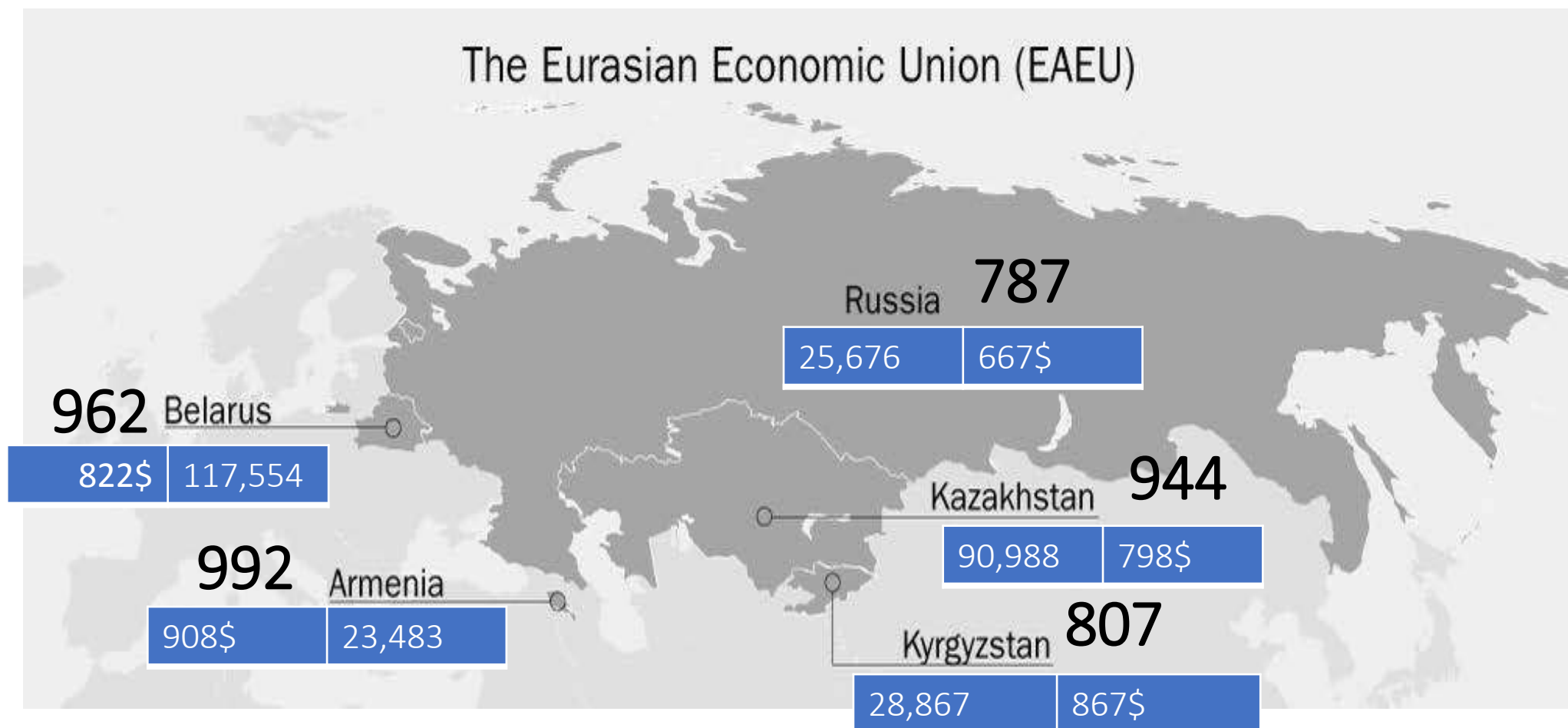


Routes of deliveries

- From Indonesia to Taman
- From Russia to Belarus
 - Russia 65% = IPO
- From Russia to Kazakhstan
 - Share of MPO is decreasing
 - Russia 62% = IPO



SFO import. SFO vs PO average value USD/MT



SFO import. SFO vs PO average value USD/MT

Country	Import of Sunflower oil, MT	Average price of Sunflower oil, USD/MT	Average price of Palm oil, USD/MT
Kazakhstan	90,988	798	944
Kyrgyzstan	28,867	867	807
Russia	25,676	667	787
Belarus	117,554	822	962
Armenia	23,483	908	992



Issues and Challenges

- **Russia** may add some quantities on account of new restrictions on Trans-Fats and some re-exporting operations to Kazakhstan.
- **Kazakhstan** is actively growing; MPO share is decreasing – EFKO.
- In **Kazakhstan** we are facing the same issues as in Russia – Technical Palm Oil; PV0,9; Falsification – EFKO is introducing MFR to the market.
- Highly developed confectionery industry of **Belarus** combined with oil-and-fat industry may lead to a significant increase in consumption of oil palm products.
- **Armenia** has potential of increasing on account of SFO. Turkey, Ukraine and Russia are the best routes for deliveries.
- **Kyrgyzstan** may expect up to 20 000 MT increase – the price is preferable for PO vs SFO. Pakistan should capitalize on this opportunity.



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