

# Integration assessment: Eurasian Economic Commission approach

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# Commission competency

- **Eurasian economic integration Declaration, 2010.**
  - Strategical direction towards Eurasian Economic Union
- **Supreme Council (president level) Decision, 2012.**
  - About realization of main integration directions
- **Supreme Council (president level) Decision, 2013.**
  - About non-tariff barriers decreasing and exemptions liquidation
- **Joint Decision of Economy Ministries (EEC members), 2013.**
  - About long term forecast (2030) with respect to integration process

# Assessment approach

**Non-model approach**

Integration and  
convergency indicators

Institutional integration  
indicators

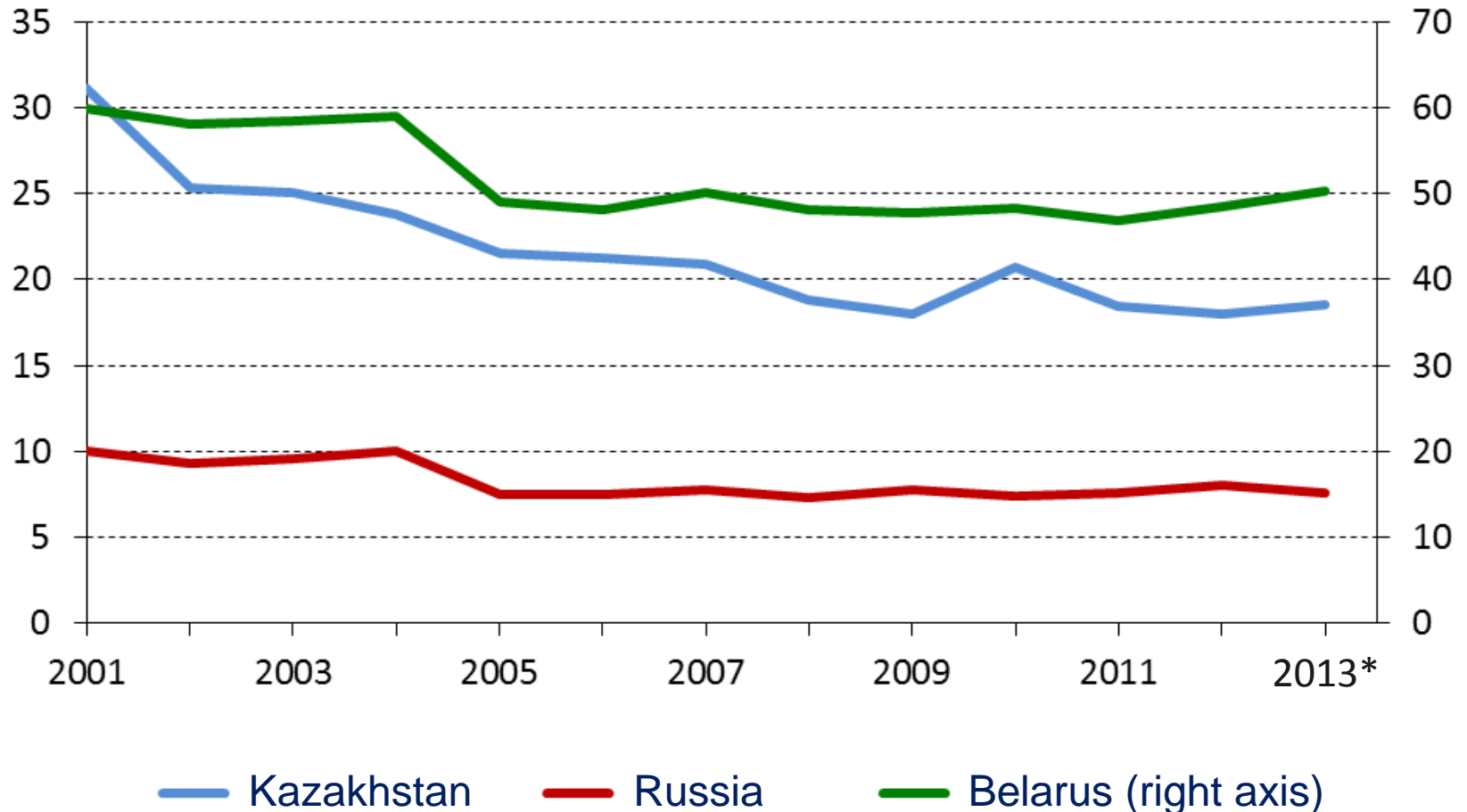
**Model approach**

Aggregation level

Time structure

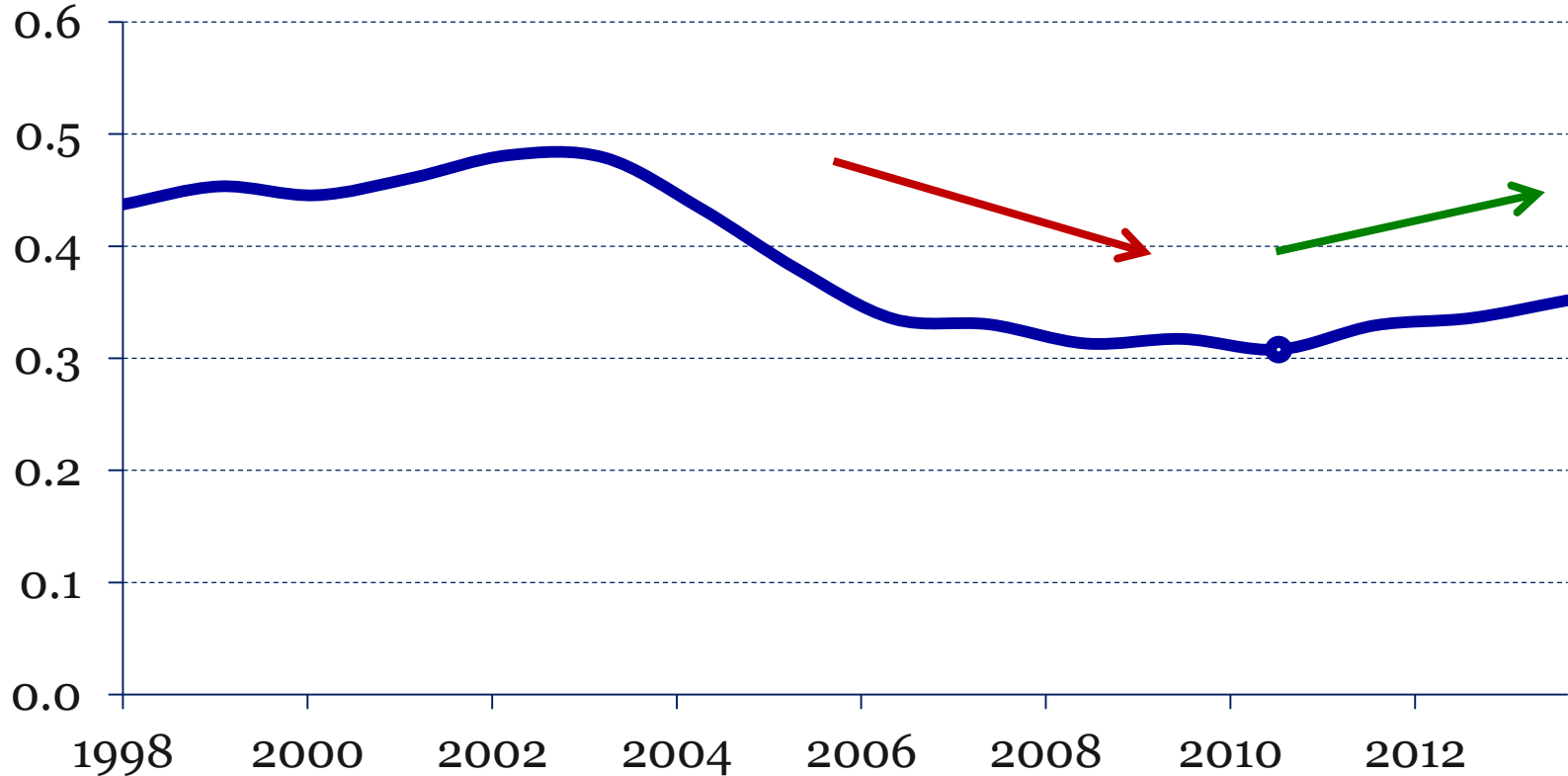
Equilibrium type

# Example: goods market integration indicator



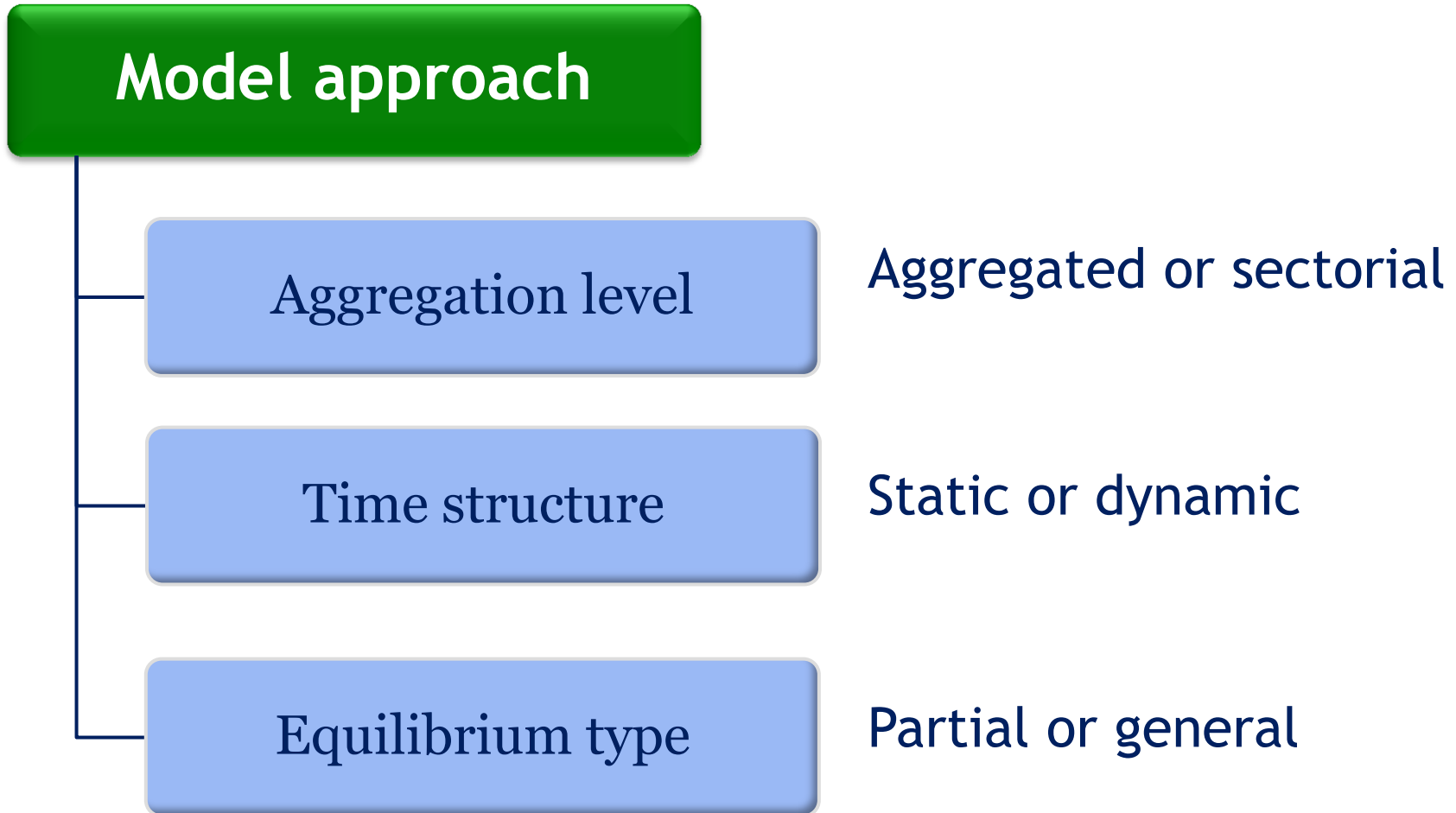
**Share of mutual trade turnover (EEC members)  
in the trade turnover**

# Intra-industry trade index



**Grubel-Lloyd index (smoothed)**

# Model approach



# EEC analysis tools

	<b>Aggregated</b>	<b>Sectorial</b>
<b>Partial Equilibrium</b>	GVAR	CU and SIS effects
<b>General Equilibrium</b>	DSGE	CGE

+ Hybrid models: partial equilibrium at sectorial level  
with aggregated interrelations

# GVAR: mutual GDP effects

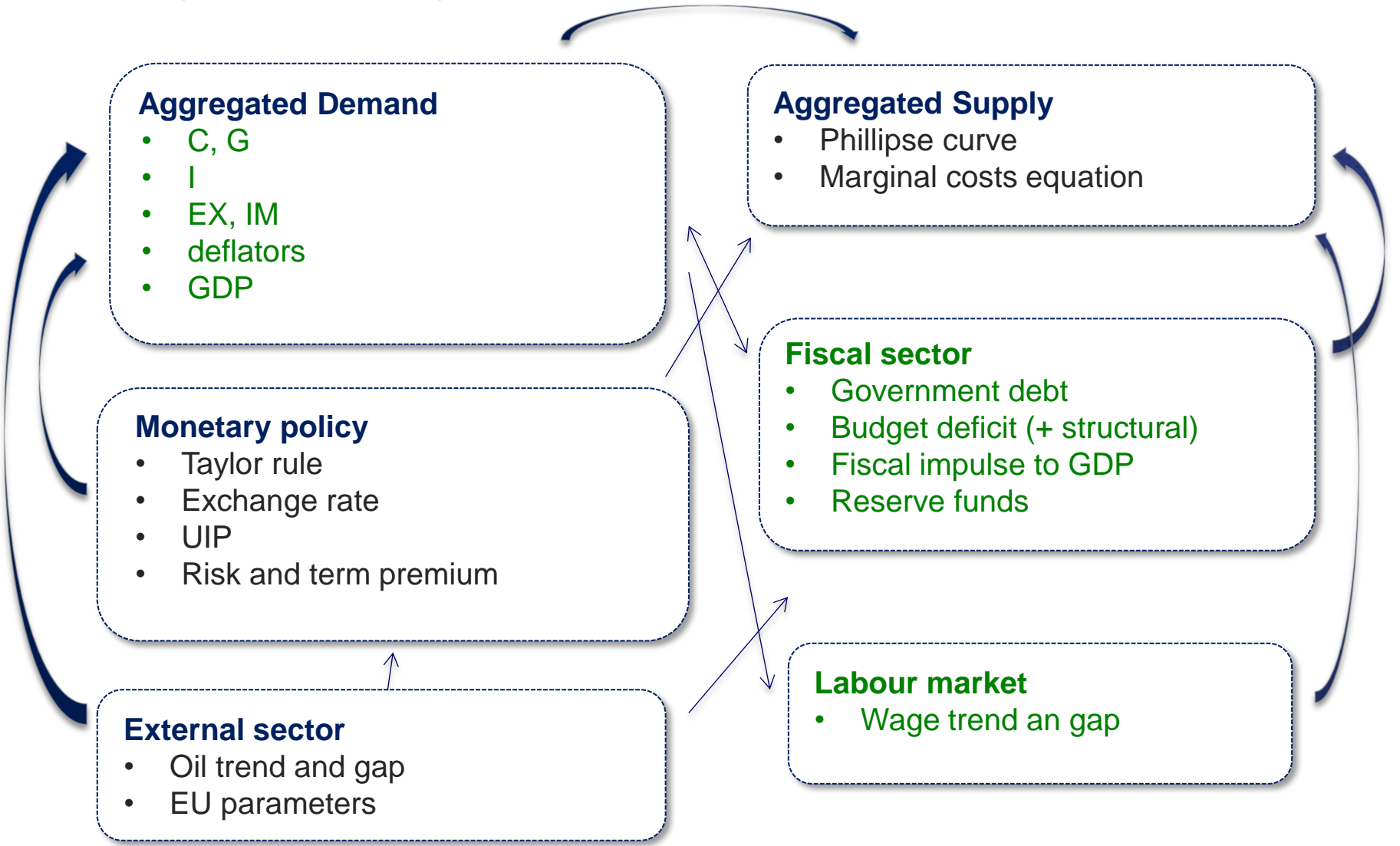
Shock origin	Belarus	Kazakhstan	Russia
1% BLR GDP growth	1,000	0,061	0,089
1% KAZ GDP growth	0-0,05	1,000	0,003-0,013
1% RUS GDP growth	0,209	0,085	1,000

**Variables:** GDP growth, inflation, stock market, short and long term interest rate, exchange rate.

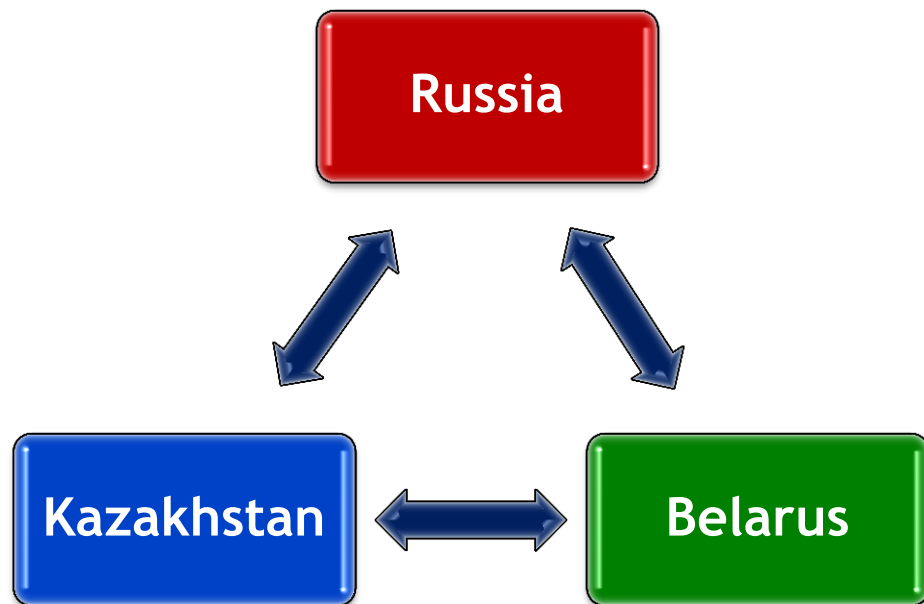
**25 countries:** Austria, Belarus, Belgium, Canada, Finland, France, Germany, Italy, Spain, Sweden, Switzerland, India, Brazil, Japan, South Korea, China, Thailand, Turkey, Ukraine, Kazakhstan, Russia, United Kingdom, United States



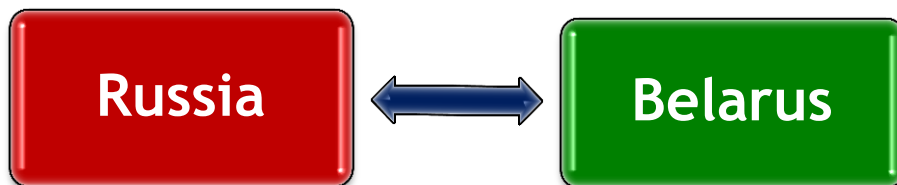
# DSGE (DS-FPAS) model blocks



# Integration block of DS-FPAS



- Aggregated demand
- Exchange rate
- Wage



- EX/IM (for Belarus)
- Belarus deflators

# Commission forecast

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
SIS GDP growth	1,7	2,2	2,3	2,5
Belarus	0,9	0,0	2,2	3,2
Kazakhstan	6,0	5,5	5,7	5,7
Russia	1,3	2,0	2,0	2,1

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# Sectorial/partial equilibrium models

1. Gravity model.
2. Trade-industry effects at sectorial level
  - production
  - investments
  - labor participation
3. Non-tariff barriers and exemptions assessment

**Thanks!**