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ON BEHALF OF THE EXECUTIVE COMMITTEE OF THE
COMMONWEALTH OF INDEPENDENT STATES, AT THE TWELFTH
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Special Session: Integration processes in the OSCE region

The Commonwealth of Independent States and the regional economic associations in the world

It is hard to overestimate the role of the OSCE as one of the most important organizations in a globalizing world. But this world is not only one of stability and economic growth; it also harbours risks, first and foremost of a financial nature and in connection with the spread of the metastases of terrorism.

For this reason, the efforts undertaken by the OSCE to step up its activities in the economic sphere are extremely timely. Indeed, this approach could form the basis for countering threats of this kind of a global nature.

In the Commonwealth of Independent States (CIS) this connection is well understood. When the Commonwealth was initially founded, it established among its most important tasks the development of the economies of the member States and the fight against organized crime. During the 12 years of its existence, the CIS has made every possible effort to find a co-ordinated solution to these problems.

Our own experience and that of the rest of the world have shown that there is a considerable disparity in the levels of economic development in the various countries, a widening gap between poor and rich countries and a high concentration of illicit capital, which is a breeding ground for crime and terrorism.

In a world in which successful and even highly successful countries exist side by side with extremely poor ones, the OSCE is all the more necessary as a vehicle for equalizing the levels of economic development. We also welcome the fact that, in its endeavours to increase the economic component of its work, the OSCE intends to make use of the advantages offered by regional associations.

The CIS regards itself as one of the many regional associations referred to by the World Trade Organization (WTO) as striving to establish and develop free trade zones and customs unions.

We also regard regionalization as the most distinctive feature of modern polycentric systems of international economic relations. This is essentially the most obvious counterbalance to the globalization process and, at the same time, an integral element of it.

At present, the potential of the CIS within the world economic system is far from being exploited to the full. Although it has approximately 15 per cent of the world population, occupies 17 per cent of its territory and possesses 25 per cent of the basic natural resources, the CIS accounts for 2 per cent of world trade and just 1.5 per cent of the world gross domestic product.

In terms of external trade volume it is far behind the European Union (EU) and the Association of South-East Asian Nations (ASEAN).

In 2003, however, the CIS had managed on the whole to overcome the consequences of the financial crisis of 1998. It gathered the necessary impetus to achieve the highest rate of development in Europe. According to the European Bank for Reconstruction and Development, it had a growth rate of 6.2 per cent compared with 3.3 per cent in Central Europe and the Baltic States and 3.9 per cent in South-East Asia.

In order to maintain and improve on this trend, the CIS is looking to make use of all the positive experience gathered throughout the world by regional economic associations. We are already doing this as far as we are able. The countries of the CIS are actively moving towards the WTO. Many of them are increasing their co-operation with the European Union in order to make maximum use of the advantages of stable economic development and democracy.

The CIS has also taken steps to facilitate access to markets, remove trade barriers, implement joint programmes and bring uniformity to the economic region as a whole. The existence of unique integrating elements such as the single currency and supranational regulatory bodies in the European Union is also of vital interest to us.

The experience of the North American Free Trade Agreement (NAFTA) has also been studied with great interest in the CIS. This association, which, like the CIS, is asymmetrical, brings together countries with widely differing potential. We should like in particular to make full use of the methods elaborated by it for rapidly "hiking up" the level of economic development of those countries that lag behind, adopting clear procedures for the resolution of trade conflicts and involving powerful transnational corporations to a greater extent in the integration process.

Many useful things have been done in Latin America, we believe, where a mechanism for integration at different speeds and in different ways has been adopted, in very much the same way as in the CIS. The structures of the Latin American Integration Association (ALADI) and the Common Market of the Southern Cone (Mercosur) are almost identical with those of the CIS and the Eurasian Economic Community (EURASEC). The experience gained in this way also needs to be studied and exploited.

The most interesting aspect of the work of ASEAN for us is its measures to increase the competitiveness of its industry, particularly given the similarities in the economic structures in the countries of the region. This situation also applies to the CIS. Also of interest

is the ASEAN experience with regard to the attraction of investment to the region and the stimulation of the investment processes. The member States of the CIS also experience a severe shortage of capital — indeed, the demand is twice as high as the supply — and they need to modernize production and the products manufactured.

The ASEAN experience in resolving these problems is particularly important for the countries of the CIS in the context of their accession to the WTO. We cannot hide our worries about the openness of our markets to third countries with great experience of competition in the agro-industrial sphere, for example, as well as other sectors.

The organization and systematic development of co-operation between the CIS and the OSCE and other international organizations will make it possible to exchange information and exploit the experience of other countries in the various aspects of integration and co-operation.

On the other hand, the CIS believes that co-operation with it is also of interest for the driving forces behind global development such as the EU, NAFTA, ASEAN and other successful regional organizations. They need strong neighbours and partners with stable economies and corresponding systems of security as a prerequisite for bringing about uniformity in the world economic system and, as a consequence, greater combined progress throughout the globe. This would also establish a solid economic basis for resolving problems of global security. Economic co-operation is certainly preferable to economic blockade.

We all need to co-operate in addressing the trend towards non-uniform economic development and growing economic disparities, as this phenomenon is accompanied by economic and environmental threats to security and stability.

For this reason, the countries of the CIS look forward to assistance from global organizations and successful regional associations, understanding for our problems and assistance in finding balanced solutions. It is important to do away with economic egotism on the part of developed countries and globally operating transnational companies that lobby their own interests. There is a need for considered, reasonable and forward-looking solutions, with account taken to the greatest extent possible of the interests of the much poorer countries of the CIS — compared to those of Western Europe — and the Commonwealth of Independent States as a whole in global trade and economic relations.

We believe that the reason that the OSCE doctrine for enhancing the economic component of its activities arose in the first place was because of the clear recognition that narrowing the gap between the levels of economic development in different countries has a direct and positive influence on global security.

It is natural that in the global economic development process not everyone stands to gain in an equal measure. In order to safeguard security, however, it is important today to work against further disparities in the level of socio-economic development and to make targeted efforts to help those that are lagging behind to catch up by narrowing the gap in volume of trade. The economic dimension must be based on the creation of non-discriminatory inter-State co-operation and trade and, for some of the countries that lag behind, the possibility of special privileges. This will help to avoid divisions in the world.

In a globalizing world, the OSCE justifiably concentrates its efforts on co-operation between State and business structures to provide both sides with an appropriate level of information and transparency. We are also in favour of transparency based on suitable legislative structures and full respect for the rule of law. We are in favour of good governance supported by a clear legal basis, advanced management technologies, a highly professional workforce, democratic principles, market mechanisms and political pluralism.

This is the basis for dialogue between well informed sides receptive to the opinions of others.

The CIS is in the process of integration not only internally but also within the international economic system so as to enable it to make use of the fruits of the liberalization of trade and globalization. Global, regional and subregional integration processes are vital for the development of trade and consequently for the economy within the OSCE area and beyond. The strengthening of the relevant markets also stimulates economic co-operation. The advantages of globalization should be for everyone: they should belong to everyone and should ensure general security.

The countries of the CIS might be poor but that is all the more reason for their seeking financial stability, greater opportunities to use their knowledge and labour potential and entrance as quickly as possible into civilized world markets.

The integration of the CIS should ensure the gradual narrowing of the gap in the levels of reform and development of the national economies of the member States or, to use EU terminology, convergence. A whole range of other economic problems needs to be resolved including collaboration not only at the level of trade and the economy but also in terms of practical co-operation, healthy competition and finance and investment. The experience of the European Union has shown that the effectiveness of economic integration can be improved significantly with the aid of close co-operation with respect to currencies.

In all these tasks we should like to take advantage of the expertise and technological resources of the West.

At the same time, new global threats are increasing. Degradation of the environment, demographic factors and the deteriorating health of large parts of the population are extremely harmful and reduce the potential for sustainable economic and social development.

There are global challenges in the form of illegal economic activities (money-laundering, illicit trade and illegal migration), transnational organized crime and other threats. They encourage aggressive extremism and terrorism, impede effective regional economic co-operation and undermine security. Smuggling is prospering and growing thanks to the openness of borders and the free movement of people and goods. The links between organized crime and terrorism are becoming stronger. The concentration of illegal revenues makes it possible for future acts of extremism of different kinds to take on even greater proportions.

Ultimately everyone stands to lose by these challenges. Moreover, the seriousness of global threats today has virtually nothing to do with geographical location.

The CIS has undertaken a wide range of programmes to strengthen economic co-operation. They are based on a plan of the most important measures agreed last September by the heads of State, the main thrusts of which correspond directly with those of other regional associations.

The member States of the CIS are striving to identify the best means of attracting investments. To do this they would like to use the mechanism elaborated for that purpose for implementing inter-State and intergovernmental programmes. At present, 21 such programmes have been approved within the CIS and a further 14 are currently being elaborated. The majority of the approved programmes involve co-operation in scientific and technological progress, strengthening national security, protecting the interests of citizens, resolving the main socio-economic problems and developing various branches and sectors.

Discussion is also taking place within the CIS on co-ordinated activities for the management of State resources such as tax collection, the composition and use of budgets, and government purchasing. Co-ordinated measures have been elaborated and implemented to eliminate criminal and shadow economies.

The countries of the CIS are extending the application of international standards, moving towards the use of generally recognized accounting regulations and stepping up the fight against money-laundering and corruption.

We are looking to promote business and create a clear legal framework for it, including the protection of property.

The main thing is to make the CIS into an area governed by the rule of law and oriented towards international standards in terms of inter-State economic relations.