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**STATEMENT BY MR. TIGRAN SARGSYAN,
CHAIRMAN OF THE BOARD OF THE EURASIAN ECONOMIC
COMMISSION, AT THE 1161st MEETING OF THE
OSCE PERMANENT COUNCIL**

19 October 2017

Mr. Chairperson,
Ladies and gentlemen,

Thank you for the opportunity to take the floor and to share with you some thoughts on the situation regarding Eurasian economic integration.

The Eurasian Economic Union (EAEU) consists of five countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia) united by three common goals. The first goal is barrier-free access for citizens and entrepreneurs to a common market for goods, services, capital and labour; the second is growth in prosperity for citizens; and the third is modernization of the economy and global competition.

The EAEU's development agenda until 2025 has been set and it takes into account the evident competitive advantages of the Union: a market capacity of 180 million people, the geographical size of the Union, its transit potential, access to seas, the diversity and volumes of raw materials and natural resources, much-needed engineering and agricultural products, the human potential, culture and ease of communication.

The Union's role in the global economy is to support and promote all the processes involved in harmonization and dialogue.

In 2017, all of the countries of the Union have entered a phase of economic growth, inflation is falling, and most indicators are showing an increase.

The EAEU's internal and external trade grew by more than 25 per cent in the first half of 2017.

The growth in internal trade for the first six months of 2017 amounted to 27.8 per cent, fostered by the stabilization of the macroeconomic situation in the countries and the removal of barriers in our common market. Over 45 per cent of all the decisions adopted in the Union in the first half of 2017 were in one way or another connected with removing obstacles and barriers within the Union.

The Eurasian Economic Commission is working hard to create common energy and financial markets. We are open to intensive international co-operation, including with countries of the European Union, in both areas. I should like to mention that European and US business associations are actively involved in the discussion of decisions adopted in the Union, in working groups and assessing the regulatory impact.

Their involvement goes some way towards compensating for the lack of institutional co-operation between the Eurasian Economic Commission and the European Commission and can be assessed only in positive terms.

The Eurasian Economic Commission and the Eurasian Economic Union have extensive agendas. The reason for this is that, as a new organization, we have to solve the most important economic questions. It is sometimes difficult to resolve such issues, but the EAEU has certain advantages in this difficult context. The fact is that the economic union was initially institutionalized so that its activities would meet the interests and aspirations of all Member States – regardless of the size of the country and economy, the level of the gross domestic product or the size of the population. The EAEU's institutional framework is based on consensus and consideration of the interests of all participants. It could not be any other way, given that the transfer by the young independent States of part of their sovereignty to the supranational level had to be balanced by similar or greater sovereignty passed down from the supranational level itself. This balance is guaranteed by equal representation and a consensus framework for the adoption of the most important decisions.

As the chairman of a supranational body, I can say that a consensus-based decision-making system has its operating costs, but its strategic advantages are obvious.

I should now like to turn to two questions that are of particular importance in the EAEU's current programme of activities. They are the linking of the EAEU with the Silk Road Economic Belt (SREB), and the Digital Agenda.

The first topic is very important, since it affects the future relations between the two largest economic projects on the Eurasian continent. If you look at a map, you can see that the EAEU and the SREB cover virtually the entire continent. Since the very beginning of the two projects, many analysts and politicians have argued that potential competition could arise between them. However, experience has shown that the two projects will actively complement one another. The economic and trade agreement between China and the countries of the Eurasian Union provides the institutional framework for the linking of the EAEU and the SREB, and the Eurasian Economic Commission received a mandate from the presidents of our countries to conduct the negotiations to reach such an agreement.

The agreement on trade and economic co-operation with China is based on World Trade Organization rules and provides for the establishment of a legal framework for co-operation between the parties in areas such as non-tariff regulation, customs procedures, simplification of trade procedures, and intellectual property. A broad spectrum of agreements, whose implementation will help to create new platforms and forums for sectoral co-operation, is also provided for by the agreement.

The potential for interlinkage is huge, especially in areas such as transport and logistics. In the EAEU we are working intensively on the development of transport connectivity and the formation of a single transport space. Further progress in these areas will

not only facilitate the growth of trade and the economy within the EAEU, but will also contribute to enhancing the effectiveness of international transport links on the Eurasian continent in general. We invite the OSCE to contribute to this process and work together to promote international co-operation on increasing the effectiveness of freight transport and aspects of transport security. The transport sector is supranational in nature, and it has a regional and an international dimension, which makes co-operation in this area vital.

The second topic that I should like to talk to you about is the EAEU Digital Agenda, the main areas of which were approved a week ago, on 11 October, by the presidents of the EAEU Member States. They comprise a set of steps and a system of initiatives which will play a fundamental role in the digital transformation of the EAEU economies. Our goal is to identify the main advantages that we have so that each of the countries of the Union can find a strong, competitive position both in the Eurasian market and in the global digital economy. This is our opportunity to support those industries that can work for the entire integration community.

The EAEU Digital Agenda is aimed at enhancing the comparative advantages of our countries and our integration community. However, just like the transport sphere – and in actual fact more so – it is cross-border in nature. All expert circles, including organizations such as the World Bank and the International Economic Forum, confirm that the digital economy has great added value if it develops in large geographical and economic spaces. A World Bank analysis conducted in co-operation with the Eurasian Economic Commission shows that joint implementation of the Digital Agenda of the EAEU countries could lead to an additional growth of 11 per cent by 2025, reducing operating costs by 50 billion and creating 8 million new jobs. We are convinced that the implementation of digital initiatives will play a key role not only within the economies of the EAEU but also in the entire Eurasian area from Lisbon to Vladivostok.

Distinguished colleagues,

All EAEU Member States are also OSCE participating States. This in itself already provides great potential for co-operation. Moreover, both our organizations have similar goals from the point of view of our missions – to ensure decent conditions for the development of peoples within a vast area. Our areas of activity are different – security in the case of the OSCE and the economy in the case of the EAEU. I should like to mention the readiness of the Eurasian Economic Commission to continue and intensify our contacts and to expand our sphere of co-operation with the OSCE in order to achieve prosperity for our peoples and countries.