

EEF.IO/2/17
24 January 2017

ENGLISH
Original: RUSSIAN

**STATEMENT BY MS. TATIANA VALOVAYA,
MEMBER OF THE BOARD AND MINISTER FOR INTEGRATION
AND MACROECONOMICS, EURASIAN ECONOMIC COMMISSION,
AT THE OPENING SESSION OF THE FIRST PREPARATORY
MEETING FOR THE 25th OSCE ECONOMIC AND
ENVIRONMENTAL FORUM**

Vienna, 23 January 2017

Greening the economy and building partnerships

Good governance, business partnerships and economic participation

Esteemed Forum participants,
Ladies and gentlemen,

On behalf of the Eurasian Economic Commission, the common regulatory body of the Eurasian Economic Union (EAEU), I should like to thank the organizers for inviting me to speak at today's event.

It is gratifying to note the growing attention paid to the OSCE's economic basket and the efforts made in this field during the German Chairmanship in 2016 and being made now under the Austrian Chairmanship that has just begun, and also the major contribution by the OSCE Secretariat and the Secretary General, Mr. Lamberto Zannier, personally.

In view of the theme of today's meeting "Good governance, the development of economic partnership in the OSCE area and the link between economic co-operation and security", I should like to focus in my statement on two aspects. First, I shall focus on how integration within the EAEU inspires its Member States (currently there are five countries: the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation) to improve governance. Second, I shall share some thoughts on the development of economic relations in the OSCE area.

I shall begin with the first aspect – governance. The EAEU has existed for two years. This has been a difficult period – crises in the global economy, falling prices for energy resources, and a complicated political situation. Under these circumstances, Eurasian integration has undoubtedly helped to mitigate the negative consequences of these factors for the Member States.

This has proved possible thanks not only to the effective operation of the EAEU's vast single market but also to improved governance.

Within the EAEU, a whole set of up-to-date supranational regulations has been established in a number of key spheres of the economy. These EAEU regulations are not the simple average of previously existing national standards but qualitatively new legal norms based on international best practices.

For example, the common Customs Code currently in force was prepared on the basis not of the Russian but of the more up-to-date Kazakh version at the time, also taking into account international best practice. The new EAEU Customs Code, which will soon enter into force, has been further revised and is more business-oriented. Business communities played an active part in its development.

The situation regarding technical regulation is similar. In developing supranational technical regulations we use the most up-to-date standards and best practices, paying particular attention to environmental performance and safety standards. This in turn forces businesses to modernize production, particularly from the point of view of environmental protection requirements.

Another example is the elaboration of modern legislation in connection with the formation in 2016 of a single pharmaceutical market in our countries.

Integration not only leads to the emergence of high-quality supranational regulation but also contributes to the improvement of administration at the national level. This is due to competition among national jurisdictions.

Entrepreneurs in the EAEU now have the opportunity to choose any country for conducting their business without any discrimination. A further, no less important argument is the favourable legal framework for conducting business activity and protecting property rights, and the absence of administrative barriers. This means that, if they are to compete successfully, national governments need to improve the business climate, remove barriers and combat corruption more actively.

I should point out that highly transparent communication channels for business and EAEU governing bodies have been established within the EAEU.

Most of the decisions are developed in close co-operation with business communities, with whom we co-operate in the “single window” format – in the EAEU Business Council, which brings together the key business associations from all five Member States.

One of the main principles for the Commission’s work is transparency in its decision-making. This involves prior publication of Board decisions and instructions and analysis of all the comments received.

Progress in improving the quality of governance is reflected in particular in the improvement of the EAEU Member States’ international rankings. For example, all of the EAEU Member States have considerably improved their position in the Doing Business ranking in recent years.

According to the most recent figures (Doing Business 2017), the Republic of Kazakhstan moved up 16 positions compared to 2016 (from 51st to 35th place), the Republic

of Belarus 13 positions (from 50th to 37th place), and the Republic of Armenia 5 positions (from 43rd to 38th place), while the Russian Federation occupies 40th place and the Kyrgyz Republic 75th place.

Thus, a clear link can be observed between regional integration and the quality of governance, one of the aspects of sustainable economic development.

I should like to take this opportunity to inform you that our Commission is currently preparing an analytical report on the link between integration within the EAEU and the sustainable development of its Member States. It is already fair to say that Member States have higher indicators of sustainable development in those areas where integration co-operation is most developed.

The second topic that I should like to touch on today is the development of economic co-operation in the OSCE area.

Not only does participation in the EAEU not restrict our Member States in the development of dialogue with other external economic partners, but, on the contrary, it creates additional favourable opportunities for it.

The EAEU is active internationally. We are successfully holding negotiations on the formation of free trade zones with a number of States, have framework memorandums on co-operation, and are developing dialogue with international organizations and regional integration associations. Over 20 memorandums have already been signed with international organizations, including organizations belonging to the United Nations system (the United Nations Conference on Trade and Development and the United Nations Economic Commission for Europe).

The President of the Republic of Kazakhstan, Mr. Nursultan Nazarbayev, declared the year 2016 to be the year of strengthening the EAEU's commercial and economic co-operation with third countries and key integration associations. A great deal was done in that regard. Co-operation was established with many countries and associations in Latin America and the Asian and Pacific region (Singapore, Cambodia, and Mongolia, which is an OSCE participating State). There is dialogue with the Association of Southeast Asian Nations (ASEAN) and the Shanghai Cooperation Organisation (SCO). Talks have begun on an agreement on commercial and economic co-operation with China. We are also working with China on linking the construction of the EAEU and China's Silk Road Economic Belt initiative.

We are actively promoting the initiative of the Presidents of the EAEU Member States to establish a Comprehensive Eurasian Economic Partnership. At a time when there is a risk of new dividing lines appearing on the continent, the idea of building a common economic space in the region from Vladivostok to Vancouver is more important than ever. We are ready to work on putting this idea into practice.

We are making considerable efforts to develop relations with the European Union (EU) and are in favour of the establishment as soon as possible of official dialogue between the Eurasian Economic Commission and the European Commission. We forwarded a proposal to that effect to Brussels in 2015. We firmly believe that participation in the EAEU offers our countries good prospects for co-operation with the EU.

For example, in 2016 Kazakhstan signed an Enhanced Partnership and Cooperation Agreement with the EU. Preparations are under way in Armenia for a new agreement with the EU. We have noted positive developments in the relations of European countries with Belarus. A highly successful conference entitled Sustainable development in the UNECE region: visions for prosperity towards 2030 took place in Minsk in October 2016.

Nevertheless, full-scale dialogue between the EU and the EAEU has still not commenced owing to the position of our EU colleagues. However, our opportunities for economic co-operation in the broader OSCE area are not being limited by the European Union.

As a platform with great potential for strengthening the economic basket and the idea of economic connectivity in Europe, which has been much discussed in recent years, the OSCE is a unique place for the discussion of this difficult but important topic, not least since it brings together EU States, EAEU States and States that do not belong to either association.

There are very great possibilities for intensifying pan-European economic co-operation, as can be seen from the conclusions of the very interesting study conducted here in Austria by the International Institute for Applied Systems Analysis (IIASA) in Laxenburg.

Work will continue, but it can already be said today that there are huge opportunities for co-operation in trade, energy, infrastructure and industry, which will undoubtedly contribute to economic growth, investment and the creation of new jobs.

I should like to mention once again that we greatly appreciate the OSCE platform. We are pleased to note that the next forum will take place in June 2017 on the territory of the EAEU – in Astana during Expo 2017 in Kazakhstan.

We stand ready to continue to support OSCE initiatives in various fields.

I wish the participants a fruitful discussion.

Thank you for your attention.