

EF.DEL/73/03
22 May 2003

ENGLISH
Original: RUSSIAN

**SUMMARY OF THE STATEMENT BY MR. A. YA. LIVSHITS,
DEPUTY DIRECTOR GENERAL OF "RUSSIAN ALUMINIUM",
AT THE ELEVENTH MEETING OF THE OSCE ECONOMIC FORUM**

20 May 2003

1. The new OSCE Strategy Document in the Economic and Environmental Dimension now under preparation is bound to differ in many respects from the Bonn document of 1990 because the economic realities and problems of economic co-operation in the OSCE area have undergone cardinal changes - there is no Soviet Union, new States have emerged in Europe and we are facing new challenges and threats.
2. In preparing the Strategy Document it should be borne in mind that the principles of economic activities are formulated by politicians but are put into effect by the business community. In this connection, it is advisable to establish under the OSCE Permanent Council's Economic and Environmental Subcommittee a high-level panel of experts comprising six to eight persons, for example, former finance ministers of OSCE participating States who are now employed in business. I believe that they would be able to work out new recommendations in order to give the document under preparation more concrete and weighty substance. It should contain the OSCE community's answers to the most important problems of general European co-operation. In any case, with these recommendations taken into account, the document would be something that could be implemented in practice.
3. The expansion of the European Union is a positive process. There is no doubt about it. At the same time, within the framework of developing the economic dimension of the OSCE it is necessary to clarify what the European Union expects from countries which are not its members and, on the other hand, what these countries can expect from the Union.
4. We hope that the EU - as in the past, when new members joined - will be able to take steps that protect other countries to a certain extent against possible losses as a result of the expansion or else provide compensation. To be more specific, when the EU took such steps earlier they included the introduction of tariff quotas which helped to normalize the situation.

The Strategy Document must incorporate an appropriate mechanism for consultations with the EU.

5. Entry into the WTO for countries which are not yet members constitutes an essential element in the development of pan-European economic co-operation. This applies to Russia as to others. And the EU could help these countries to gain membership of the WTO. Its position could be more flexible, especially as regards the problem of energy costs.

6. The granting of market status is a positive factor. However, if it is to live up to what the word implies, it must be granted without exception.

7. The participating States of the OSCE can be broken down into three groups: EU members, those who are about to join the EU, and those who cannot as a matter of principle join the EU - for example Russia, above all because of the territorial factor. Plainly, Russia is just too big for the EU. If we take this into account, then we might put forward three possible variants for the model of pan-European economic co-operation that is to be included in the new OSCE Strategy Document under preparation:

- A free-trade area. Some Arab States and Mediterranean countries have already concluded relevant agreements with the EU;
- A European economic area. Examples of this alternative are the relations of the EU with Norway, Iceland and Liechtenstein;
- The "Swiss" model of sectoral relations with the EU.

All these variants would be admissible once the OSCE participating States have joined the WTO, but it would be wise to start making preparations for the next step parallel with the process of their acceptance as members of the WTO.