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Regional Initiatives Leading to the Eurasian Integration

**Contribution
by**

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Development Post-2015**

**Round table II: From best policy practices to global transformation
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Title: Regional initiatives leading to the Eurasian Integration

Despite the fact that the global financial and economic crisis of 2008-2009 passed its crucial phase, its effects continue to influence the global development. The overall situation in the global economy remains fragile. Not to exclude the possibility of a recession.

Economic growth in the CIS countries is still below pre-crisis levels. The IMF estimates that in 2013, GDP growth has averaged 2.1%. Slowdown in this group of countries is due primarily to the instability in the world economy, especially the economy of the European Union, which established with CIS tight financial and economic relations. Thus, the main engine of economic growth in the CIS remains Russia. Last year, the country had attracted foreign direct investment (FDI) in the amount of 94 billion dollars (according to this indicator, our country is second only to the U.S. and China).

At the heart of the current global economy instability are mainly financial, economic and structural problems and imbalances in developed countries. The situation is complicated by the lack of adequate cooperation among the world's leading countries in overcoming the consequences of the crisis and the lack of financial and credit policy coordination at the international level. This makes it difficult to address global imbalances and structural problems.

World is changing rapidly (colossal geopolitical, technological and structural changes), its balance of power and the global economy. While the standard of living in developed countries is five times higher than in developing countries the gap is steadily declining.

The IMF estimates that the share of developing countries in world GDP will increase to 55% by 2018 and their contribution to global economic growth will be at 3/4.

The growing influence of countries outside the Seven (U.S., Japan, Germany, Britain, France, Italy and Canada) is quite equitable – over 30 years their growth rate is higher than in developed countries and the difference in living standards per capita is getting reduced.

Thus, by 2018 in a dozen countries that make the largest contribution to the world economy growth there will be no European country and the share of the EU will be only 5.7%, while of China and India – almost 50%.

The world is becoming multipolar, alternative centers of economic growth, trade and investment routes, new and stronger integration associations are getting formed and there is a growing need for collective leadership that may produce general, not imposed by anybody consolidated solutions.

Under the circumstances, the aspiration of diverse major economies and regional associations to expand cooperation in order to establish new cooperative ties, including the framework of the "Group of Twenty", BRICS, SCO, etc. is justified.

Today Russia and its neighbors implement large-scale Eurasian integration project – the Customs Union. The Union's turnover over the last three years has increased at almost 50% (23 billion US dollars) and reached up to 66.2 billion dollars in 2013.

The central event of the year for the Customs Union countries and Common Free Market Zone was signing the Eurasian Economic Union Treaty (Astana, May 29, 2014).

The Treaty opens wide perspectives for economic development and welfare of the peoples of Russia, Belarus and Kazakhstan – the countries that are moving to a new cooperation, i.e.: creating a common economic space for free movement of goods, services, capitals and labor. Their coordinated policy will pursue key sectors – energy, industry, agriculture and transport. It is the largest single market formed in the CIS zone with a population of 170 million people and a huge production, scientific and technological potential and enormous natural resources.

The President of Russia noted that: "the world enters a new economic organization with full international legal identity and acting on the basis of the World Trade Organization principles."¹

What is important, the Eurasian integration is an open project, open to access by other states based on their national interests and upon request. In order to enter this new structure the potential participants must be properly prepared and meet certain requirements. The process of accession to the Eurasian Economic Union is currently running for Armenia and Kyrgyzstan.

Negotiations are held on establishing a free trade zone with Vietnam and strengthening cooperation between Russia and the People's Republic of China, including the exchange of customs information on goods and services. We have also an expert group working on developing preferential trade regimes with Israel and India. Highly important are our relationships with the European Union, which has been and traditionally remains our major trade and economic partner.

Therefore, the emergence of a new economic integration in Eurasia – the Eurasian Economic Union confirms the prevailing trend in the development of multipolarity and polycentricism in modern international economic relations.

¹ Op.cit. V.V.Putin statement to Press after the Meeting of the Supreme Eurasian Economic Council, May 29, 2014, Astana.

In these conditions achieving sustainable and balanced development requires combined efforts of the entire international community and joint search for compromises and mutually acceptable solutions. All this is impossible without building trust between all stakeholders of global economy. The positive approach to international affairs excludes sanctions, as outdated and dangerous tool of the "Cold War." The world is no longer as it was in the 20th century. Attempts to use sanctions as an instrument of political pressure doomed to failure. Moreover, they can cause serious damage to the world economy, including the countries that impose sanctions.

We hope on common sense that would prevail in joint search for solutions to the world's economic problems and help overcome existing imbalances making the structure of the world economy, including decision-making processes more fair and democratic.