

**Address by H. E. Mr. Gennadiy M. Gatilov,
Deputy Minister of Foreign Affairs, Russian Federation**

65th session of the UNECE
Geneva, 9 April 2013

Dear Mr. Chairman,

Ladies and gentlemen,

Recent events demonstrate that the world economic system has reached a critical stage in its development. Global financial and economic crisis exposed significant contradictions and gaps inherent in its current model which originate from structural deficiencies and economic policy mistakes at the global, regional and national levels.

To devise effective response measures it is necessary to take due account of current developments, including economic rebalancing, transition to a new technological system, the need for adequate combination of the three main pillars of sustainable development - economic, social and environmental.

Analysis of the implementation of the Millennium Development Goals, which expire in 2015, clearly demonstrates that strong economic base is a guarantee of irreversible international development process which consists in ensuring appropriate conditions for full self-realization of an individual, creating favorable social environment and maintaining ecological balance. Enhancing productive capacity, increasing employment and building infrastructure, primarily in the field of energy and transport, are becoming key tasks both for developing and developed countries.

The current broad consultations within the United Nations system to define global development agenda beyond 2015 with the main focus on Sustainable Development Goals (SDGs) show consolidated positions of the Member States on this approach.

We believe that SDGs should include the most important basic development benchmarks that can be quantitatively measured, planned and monitored. It is also important to enhance the appropriate institutional mechanisms of the UN system. We are looking forward to further strengthening the coordinating role of the UN Economic and Social Council (ECOSOC) and ensuring a close working relationship and synergy between the activities of the Council and the Political Forum on Sustainable Development that is being created. The need for a better consideration of regional and national conditions in the context of international development means that we should expand the contribution of regional economic commissions to this work.

The global financial and economic crisis has clearly highlighted the increasing role of the regions in the world economy and the need for collective search for solutions to their unique problems. The pan-European region has suffered substantial losses. Total GDP of the Eurozone countries fell by 0.4 percent and the expected growth in the current year is rather small. Unemployment reaching 25 percent in some EU countries climbed to record levels in the post-war period.

The slowdown in the Eurozone States negatively affects the economic performance of other UNECE Member States, limiting export opportunities, impeding access to bank loans and increasing the uncertainty in the stock and commodity markets. All this can

undermine regional economic, social, financial, energy and food security of the States in the region.

Attempts to resolve the crisis, as the situation in the Republic of Cyprus demonstrates, without taking into account the views of all interested States, undermine political confidence and lead to social and economic divergence. Levying part of the funds from the bank accounts essentially means an expropriation of private property, including the assets of foreign investors. We hope that the Cyprus precedent will not become a common measure of economic practice.

For our part, we are making consistent effort to improve the social and economic situation on the continent, to promote economic growth and interstate integration.

Within the framework of the first Russian G-20 presidency, we are working with our partners on a number of specific initiatives to strengthen macroeconomic stability and to increase employment in the world.

Our country continues to show positive economic trends. Last year, national GDP grew by 3.5 percent. The federal budget was executed with no deficit. Our gold and foreign currency reserves show steady growth and have become the third largest in the world. The sovereign debt is low. Unemployment was just over 5 percent of the economically active population.

Russia actively participates in the Eurasian integration processes. The Customs Union of Russia, Belarus and Kazakhstan is fully operational since June 2011. The beginning of 2012 saw the entry into force of 17 framework agreements governing various fields of operation of the Common Economic Space. The Eurasian Economic Commission, a supranational regulatory body, has started its work.

The Eurasian integration is consistently gaining momentum and already yielding tangible results. Since the Customs Union was established, the volume of trade between the three countries has increased by 10 percent. The sound pattern of trade is developing within the Union, as machines and equipment account for 20 percent of it. Thus, the Eurasian integration significantly increases the competitiveness of the participating countries and also has a positive impact on general economic situation in the UNECE region.

We are consistently working with a view to expanding the horizons of strategic cooperation with the European Union which is our major trade and economic partner. The EU accounts for about half of Russian foreign trade and for 85 percent of energy exports. In the framework of the joint initiative "Partnership for Modernization", we implement projects of mutual benefit in high technologies, energy efficiency and conservation, telecommunications and outer space.

This March, the European Union and Russia adopted the "Roadmap - Energy Cooperation until 2050". It sets a strategic target to create a common pan-European energy space with integrated network infrastructure, with open, transparent and competitive markets. We have completed the construction of the second line of the North Stream gas pipeline and have launched a similar South Stream project. This work will finally result in ensuring energy security and achieving sustainable development in Europe.

We see specific benefits in linking key integration processes in Europe. We strongly believe that the integration processes within the Customs Union, Common Economic Space and EU should not be viewed as competitive ones. On the contrary, together they can give a significant impetus to the social and economic development of the pan-European region and increase its competitiveness in maintaining transcontinental traffic and commodity flows.

We consider the UNECE to be a demanded and efficient forum for maintaining a dialogue on major issues of the pan-European development.

We attach particular importance to the issues of modernization of the economy and enhancing its innovative potential. Knowledge, professional competences and technologies begin to play a leading role in accelerating economic growth and enhancing competitiveness of national economies and their resilience to modern challenges and threats. It is most vividly proved by the fact that the ECOSOC Substantive session to be held in Geneva this July will focus on the role of science and technology in promoting sustainable development.

In this context, we highlight the importance of work of the UNECE in the field of economic cooperation and integration. Through the tools provided by the Commission, Member States receive necessary recommendations to enhance their economic capacity for innovative development, adoption of advanced standards and technologies in their economies.

Sustainable energy is a traditional priority of our work in the UNECE. This is one of the main areas in pan-European cooperation. We are interested in maintaining and strengthening constructive energy dialogue with all Member States. We assume that the relevant resources of the Secretariat will not diminish given the fact that renewable energy issues were included in the mandate of the Committee on Sustainable Energy.

We attach great significance to developing transport that creates opportunities for strengthening and deepening the integration processes. Russia will continue in every way possible to support efforts undertaken by the UNECE to develop Euro-Asian transport links and create unified railway transport law.

Russia will continue to provide necessary support to the UNECE, including financial support, as well as to the UNECE technical assistance programs aimed at increasing competitiveness and stimulating economic growth of the CIS states.
