Resolution 1078 (1996)[1]

Economic situation in Belarus, Russia and Ukraine

Parliamentary Assembly

1. Four years after the break-up of the Soviet Union, Belarus, Russia and Ukraine (a Council of Europe member state) are struggling, like other successor republics, to establish market economies. For themselves, their neighbours and for Europe as a whole, it is essential that they succeed.

2. After a period of difficulties and setbacks - varying according to the different situations and policies in each country - the realisation is taking hold that lasting recovery is possible only with macro-economic stability, especially a reduction in budget deficits and inflation, as well as further privatisation of state enterprises and the liberalisation of prices and trade. It is vital that this course be pursued, not least in order to attract foreign investment and reduce capital flight abroad.

3. Democracy, human rights, the rule of law and political stability are fundamental to lasting economic development and the formation of a "civil society". It is particularly important to establish an authoritative judicial system equipped with the necessary material means, and to enact and implement clear and transparent economic and business legislation in such areas as property rights including those on land, taxation, banking, accounting standards, contracts and bankruptcies. Streamlining government authority, stamping out corruption and combating economic and other crime should be additional priorities.

4. It is essential that sufficient resources be set aside during the economic reform process to protect the weak and vulnerable in society, especially the elderly, and to preserve the environment.

5. The Assembly reaffirms the Council of Europe's commitment to continued assistance, especially conceptual assistance, in these efforts, within the framework of its co-operation with institutions such as the European Union, OECD, the European Bank for Reconstruction and Development, the International Monetary Fund and the World Bank.

6. The Assembly is concerned that agricultural reform in the three countries is advancing slowly or not at all, and that military expenditure continues to drain state budgets, thereby severely compromising economic development. While aware of the particular difficulties associated with reforms in these areas, the Assembly nevertheless believes that they must be tackled urgently.

7. The Assembly believes that reform is particularly important in the field of education and the retraining of the work force, to prepare those concerned, psychologically, for the market economy. Without a fundamental change in society's approach to organisational efficiency, material resources will not translate into economic development.

8. The Assembly encourages the three countries to establish with each other as close, open and balanced economic relations as possible - as well as with other countries in the region - especially in view of their geographical proximity. The Assembly considers as a priority the establishment of an adequate infrastructure for both city and countryside, especially in transport and communications.

1. Assembly debate on 26 January 1996 (8th Sitting) (see Doc. 7453, report of the Committee on Economic Affairs and Development, rapporteurs: MM. Blaauw and Novák). Text adopted by the Assembly on 26 January 1996 (8th Sitting).

9. Finally, the Assembly calls on Council of Europe member states:

9.1. to avoid any protectionism, including in agriculture, in their economic relations with the three countries in question or any others in the region, thereby promoting the eventual creation of a "pan-European common market" as called for in the Assembly's Resolution 1036 (1994) on the progress of economic reform in central and eastern Europe: lessons and prospects;

9.2. to adapt assistance to the three countries concerned, as well as to others in the region, to new realities, through better co-ordination among governments and international, as well as non-governmental, organisations.