

Position Paper for the General Assembly Second Committee

The issues before the General Assembly First Committee are: Assuring Developing Countries' Sovereignty Over Their Natural Resources; External Debt and Development: Towards a Durable Solution to the Debt Problems of Developing Countries; and Promoting Sustainable Development Practices in Transnational Corporations. The Russian Federation realizes its role and responsibility within the international community, given the legacy of its predecessors.

I. Assuring Developing Countries' Sovereignty Over Their Natural Resources

The Russian Federation is one of the world's largest resource owning countries, and roughly contributes 14 percent to the overall mineral exploitation. According to the World Resource Forum (WRF), the global extraction of natural commodities increases every year. Russia is thus eager in promoting every country's ability in controlling its delivery volume independently. Transnational corporations (TNC) are the main actors in developing countries regarding the exploitation of natural raw materials. In order to gain higher profits, they tend to bypass regulations through corruption, thereby disturbing both the economic system of developing countries and the sovereignty over their natural resources.

The Russian Federation traditionally emphasizes the sovereignty of countries and therefore agrees to *A/RES/29/3281* (1974) which adopted the *Charter of Economic Rights and Duties of States* affirming the inalienable right of a country to decide over the use of its natural resources. The Russian Federation also recognizes *A/RES/2200 (XXI)* (1966) which established the *International Covenant on Civil and Political Rights (ICCPR)* which is the key organization in disputes of natural resources. In 2003, the Russian Federation signed the *Convention against Corruption A/RES/58/4* (2003) which requires each state to monitor its policies and actual measures to combat corruption. According to the Johannesburg Declaration *A/CONF.199/20* (2002), corruption is declared as a threat to the sustainable development of people. The Russian Federation welcomes the South African approach on combating corruption: on February 7th 2011, the Ministry of Mineral Resources presented an online mining system aiming to counter corruption by publishing all administrative work online. The Russian Federation emphasizes that corruption is the main problem in guaranteeing countries' sovereignty over natural resources. In order to reach this goal, the Russian Federation proposes a comprehensive approach including three different dimensions of corruption.

Firstly, the Russian Federation raises the concern that TNCs do not invest the revenue of natural resources into the exploited countries. Since the regulation of this practice is of crucial importance, the Russian Federation emphasizes to stop this development by establishing a working group under the responsibility of the General Assembly 2nd committee. This taskforce shall publish a detailed annual report in order to monitor the investments of TNCs. The Russian Federation declares to spend a certain amount of its yearly contributions to the United Nations budget for the establishment of this working group and urges developed countries and NGOs to participate in the funding of the working group. Secondly, the Russian Federation represents the opinion that the sovereignty over natural resources includes the security of transporting them to consumer states, which is today often inhibited by transit countries. By implementing an international binding agreement on the transfer of natural resources, future conflict sources can be prevented. The Russian Federation would like to implement a catalogue which categorizes the difficulty of the transportation and thereby calculates the costs of the transportation which should be the same for all countries. Thirdly, the Russian Federation urges to increase the effort in the fight against corruption on a national level. Hence, the Russian Federation regards the implementation of a global online mining system under the control of the department for Natural Resource Management of the *Food and Agriculture Organization (FAO)* as innovative and administrable. The *UNPD Global Thematic Programme on Anti-Corruption for Development Effectiveness (PACDE)* shall be asked to finance this project.

II. External Debt and Development: Towards a Durable Solution to the Debt Problems of Developing Countries

During the decolonization process in the 20th century, developing countries increased their external debt to build up their agricultural sector. Due to declining food prices in that period, governments were not able to contribute back payments, which caused a debt crisis. The Russian Federation, successfully managing to surmount a debt crisis connected with a hyperinflation during the last decade of the previous century, supports a reduction of the current world imbalances to overcome the critical situation of developing countries.

The Russian Federation introduced the concept of *Russia's Participation in International Development Assistance* in 2007. In addition, the Russian Federation has cancelled \$ 11.3 billion worth of debt owed by African countries, including a \$2.2 billion debt relief under the umbrella of the *Heavily Indebted Poorer Country (HIPC) Initiative*, established at the G8 Summit in Gleneagles. The Russian Government is heavily increasing its financial support for the World Bank and cooperates with this institution in terms of the *Russia as a Donor Initiative (RDI)*. Due to the importance of the agricultural sector in developing countries and the call of the World Trade Organization (WTO) to end export subsidies, the Russian Federation relinquishes of export subsidies for its agricultural sector. Russia cooperates with the World Food Program (WFP) in several projects and spent \$ 26.8 million to the WFP's global operations. In terms of external debt sustainability and development, Russia supported *A/RES/63/206* (2009) and *A/RES/64/191* (2010), expressing a compulsory debt relief and underlining the international concern about the world financial crisis jeopardizing the

achievement of the Millennium Development Goals (MDGs) *A/RES/55/2* (2000). Nevertheless, as the debt situation of the developing countries is getting more and more serious, *A/RES/62/186* (2007) declared that every country is responsible for its own development.

The Russian Federation is convinced that the agricultural sector is the economic key sector for developing countries. To develop this sector, Russia supports the efforts of the WTO and requires the developed states to balance the world trade on agricultural goods by reducing the subsidies for their agricultural production. Russia proposes a reduction of 5 percent per annum for the next 20 years. It is of importance that the phase out begins in 2012, to end the subsidization of farmers by the end of 2031. Being convinced that the efficient allocation of capital is important to improve the agricultural sector, the Russian Federation recommends providing more knowledge to developing countries, dependent on the specific regional needs. Under the umbrella of the WFP and with the help of Nongovernmental Organizations and professionals of the UN-University in New York, skilled personnel are to be educated in foreign universities. Moreover, Russia requests education programs in developed countries to be launched. Starting this program in 2012, it aims at instructing 50,000 people from developing countries in sustainable agriculture within the first 5 years. The education programs shall be set up in the most affected regions, such as Sub-Saharan Africa and South Asia, having a budget of \$ 100 million. These programs are to be financed by the International Development Association (IDA) and the WFP. Furthermore, the Russian Federation is convinced that the allocation of micro-credits supports a successful development. Still, Russia emphasizes that bigger budgets for micro-credits are needed. The Russian Federation underlines that the financial budget of the micro-credit system, which needs to be integrated into the IDA, shall be increased by \$ 300 million to enlarge the allocation of micro-credits. Hence, the Russian Federation urges developing countries in cooperation with the IDA to launch collaborations with already in place acting banks. The aim is to give accessibility to microcredits in every town with more than 250,000 inhabitants within the 50 poorest countries, in order to improve the regional development in the least developed countries.

III. Promoting Sustainable Development Practices in Transnational Corporations

TNCs are playing a key role in the technology transfer and employment especially in developing countries. Today, TNCs hold 90% of all technology and product patents worldwide, are involved in 70% of the world trade, and yet the importance of TNCs is still growing due to economic mechanisms of globalization. Two of the biggest 100 TNCs are located in the Russian Federation.

According to *A/RES/51/191* (1996), supported by the Russian Federation, the international community agreed on rules to prohibit corruption and bribery in International Commercial Transactions. *A/RES/51/610* (1997) pointed out that the Russian Federation supports the fact that corruption is a global problem which crosses national borders. In January 1999 former UN-Secretary General Kofi Annan initiated the *United Nations Global Compact* (UNGC) which consists of ten principles concerning human rights, environment and anti-corruption. TNCs from all over the world can join the *Global Compact* by voluntarily accepting the rules. Today, the operations of the *Global Compact* fall under the responsibility of UNCTAD. Following *E/RES/1* (1994), the *Commission on Transnational Corporations* was integrated into UNCTAD. In 1999, the *Human Development Report* called for a multilateral code of conduct, arguing that TNCs are too important to be left to voluntary and self-generated standards. Furthermore, *E/CN.4/RES/69* (2005), which recognizes that TNCs can contribute to the enjoyment of human rights, requests the Secretary General to appoint a special representative to set standards for corporate responsibility and accountability for TNCs.

The Russian Federation is convinced that TNCs are essential for the development of a nation. Even though many TNCs signed the UNGC, TNCs, especially in developing countries, are highly affected by corruption. 25% of the GDP of developing countries is lost due to bribery. Russia, being one of the most dynamic emerging economies worldwide, is fully aware of the outstanding importance of a trustful and reliable coexistence of economy and state. In order to guarantee transparency in this matter, reports containing information about corruptious activities shall be provided by the respective governments and can be handed in by TNCs themselves. Prior to international evaluations, every Member State would hence have the opportunity to compare its own information with those provided by NGOs. If a Member State fails to do so, however, regular mechanisms of the UN Convention against Corruption shall apply. The reports shall furthermore be presented to the GA 2012 plenary session to create greater political pressure by raising the awareness about this situation. In June 2009 the *Ministry for Economic Development of the Russian Federation* and the UNDP initiated the program *Engaging Russian Businesses in Global Compact Driven Sustainable Development*. The program ensures the dissemination of the ten UNGC principles through an exemplary cooperation of the UNDP, interested companies and the Russian Government, all together investing a total amount of more than \$ 4 million over a 5 year period. Russia urges all countries to follow our example. We invite UNCTAD to hold an expert meeting on this topic which monitors the progress of these programs and the adherence to UNGC principles. Russia proposes to expand the culture of dialogue within UNCTAD and to create a new discussion board between the UN and delegates from various TNCs. The Russian Federation offers to host the first meeting in Moscow. The aim of this board shall be to inform the UN about the needs and motives of TNCs.