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Review Session of the implementation of commitments:
Integration and Trade, 24 May 2005

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European Commission
Ambassador Christian Falkowski, Head of the European Commission Delegation to the
International Organizations in Vienna

The European Commission welcomes the new extended format of the review session of the OSCE commitments in the Economic and Environmental Dimension. This is the first concrete result of the Memorandum of Understanding signed in Sofia in December 2004 by the Executive Secretary of the United Nations Economic Commission for Europe Ms Brigita Schmognerova and Mr Jan Kubis, the Secretary General of this organisation.

The talks which led to this Memorandum of Understanding were very intensive and took some time as is natural between two established international organisations with their own experience and working methods. We wish to commend both Secretariats for finding an excellent result drawing on the comparative advantages of the UNECE in the field of Economy and Environment for the benefit of the OSCE.

It is therefore a special pleasure to welcome the colleagues from UNECE here today. We have been impressed by your solid report containing so much interesting and clear food for thought. It is I believe for all of us an eye opening report in the sense that it so concretely and thought provokingly spells out the contents of each commitment not only in the recent Strategy Document but also in the Bonn document of 1990 and the Charter for European Security adopted in Istanbul in 1999.

The European Commission was continuously strongly supporting the talks leading to the signing of this Memorandum of Understanding, for several reasons. Firstly, as I said already, to receive its first fruit, the extensive and high quality report in front of us today elaborated by Mr Chowdhury and his colleagues. Secondly, following the increased contacts between two Secretariats we expect them to bring synergies in a number of other areas where these organisations today have similar activities. Thirdly, we expect that the expertise of the staff of both organisations will, in the years to come, cross-fertilize each other and thereby bring about a maximum of joint value-added.

There is no question nor doubt in our mind that these two organisations should continue to increase their cooperation in a number of fields they are both active operators, only to mention transport, environment and trade facilitation as well as most activities under the broad concept of Good Governance.

As the Commission pointed out during the talks on the Memorandum of Understanding, the enhanced cooperation now provided by the MoU is a window of opportunity and a win-win situation for both organisations. It will permit both to streamline their activities and concentrate on the areas on which they generate value added and avoid unnecessary duplication. It will permit them to adjust to the imminent budget restrictions, and at the same

time, make their action more efficient by drawing on each others' expertise and political assets.

Going now back to today's theme: as the EU Presidency said yesterday, I am confident that the future reviews of the implementation of OSCE commitments will complement the economic and overall monitoring made by numerous other international organisations. The conclusion and message from the UNECE report on `Integration, Trade and Transport` is clear: Integration promotes security. I think this issue needs to be in the focus of OSCE considerations for the Economic and Environmental Dimension.

What is security related can however in each given circumstance, as we have noted over the years, be a line drawn in the water as is the broad concept good governance. In its report today UNECE has listed and provided information on a wide range of them, beginning from poverty to the openness of economy, in over 40 figures and tables in addition to the explanations on a total of 104 pages.

I would like thank UNECE Secretariat for going through so thoroughly as far as I can see all relevant commitments to be found in OSCE documents. I think we have got what we wanted. The graphs and tables describe the stage in which participating States are in fulfilling these commitments. The text speaks for itself.

It is now very much up to us in the OSCE to base further work in this dimension on these data and information. And the report needs careful reading also in between the lines.

It remains to be seen how many journalists have taken and will take the trouble to go to UNECE and OSCE homepages and exploit this wealth of information which as far as I can see is not be found in any publication in such a condensed and reader-friendly format ?

But of course we should listen carefully to today's deliberations and after taking stock of the comments if need be make suggestions to Ms Schmognerova and her team to develop further the contents for next year's review.

Another example for potential cooperation presented by Mr Mario Apostolov is trade facilitation. As we have emphasized earlier OSCE commitments apply to all participating States. The Commission, for instance, has recently pointed out to the problems and deficiencies in the accounting and auditing practices of large companies. Similar legislation has been introduced also in United States. Commissioner Spidla recalled yesterday the recent proposals of the Commission in the field of demography. There is plenty of work for all of us to live up to OSCE commitments.

We were particularly impressed by the compilation of the UNECE Secretariat assessments on the effectiveness of regional trade agreements in the OSCE area. We consider that the enlargement of the EU did not raise any new trade barriers, quite the contrary. The graphs show that the average level of tariffs is well on its way downwards. The complexity of the overlapping trade arrangements is, however, such that it can hardly be dealt with in detail in the framework of OSCE as we run very quickly to technicalities.

Chapter 3 on capital flows and the role of Foreign Direct Investment is a perfect follow-up to the successful preparatory seminar in Dublin. It confirms that the respect of the broad principles good governance, including adequate economic legislation and rule of law, are prerequisites for attracting Foreign Direct Investment bringing to any country not only capital and employment but also know-how the most invaluable vector for a favourable economic development of any country, including West of Vienna.

The Chapter on Transport on its part is, in addition for reviewing OSCE commitments, a rather complete prelude for the suggested theme for the 14th Economic Forum to be agreed upon.

I am confident that the OSCE with the next Chairman-in-Office will further enhance this extremely important security aspect of economic integration.