



**UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE**

**Statement by**

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**Transportation in the OSCE area: Secure transportation networks and transport  
development to enhance regional economic co-operation and stability**

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Distinguished delegates, ladies and gentlemen,

It is a great pleasure to address you at the opening session of the first part of the 14th OSCE Economic Forum. Before I begin, let me express my gratitude to the OSCE for the invitation and, of course, to the government of Belgium – which this year holds the Chairmanship-in-Office.

While I am extending best wishes for 2006 to the Belgian delegation, I would also like to congratulate the government of Slovenia for their – challenging yet successful – 2005 chairmanship.

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As you may know the United Nations Economic Commission for Europe (UNECE) is one of the five regional commissions of the United Nations. It is a forum where 55 countries come together to shape the tools for their economic co-operation. Predictably, the OSCE – by virtue of being an organization “for co-operation in Europe” – shares many similarities with UNECE.

Both UNECE and OSCE share virtually the same membership; both operate on a consensus principle; and they both provide a neutral framework to work on and solve common problems. Both organizations also complement each other. The OSCE is mainly a political forum albeit with an extensive field presence. The UNECE acts as an expert secretariat concentrating on the development and negotiations of international norms and standards.

Over time – given this natural fit - both organizations have developed a close, co-operative and fruitful relationship in the area of economic and environmental activities. As you are probably aware, the UNECE has traditionally reviewed OSCE economic commitments. In the field of the environment, joint activities have addressed the transboundary use and protection of water resources in the context of the Environment and Security Initiative.

Today’s meeting may open up another venue of mutual co-operation between the two organizations. This year, the OSCE Chair-in-Office has chosen transportation as a theme for the Economic and Environmental Dimension of the OSCE. The UNECE is a natural partner since it has extensive experience in preparing legal instruments to facilitate and develop transport throughout its region.

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To many observers, the topic of transportation may appear to be highly unusual. Sceptics may ask: “What does transport have to do with security and co-operation?”

The answer may be found in the OSCE Strategy Document for the Economic and Environmental Dimension. This document suggests an integrated approach to security. It rightly asserts that conflicts are caused not just by problems in one area, but typically by many interrelated, overlapping and concurrent causes across many areas.

In this context, transport appears to be unique as it touches upon and encapsulates various aspects of economic exchange and regional co-operation. For example, infrastructure, good governance, international trade, foreign investment, environment, energy, safety and security all relate to transportation (and vice versa). Cross border transportation links thus could – quite effectively - be used as a yardstick to assess the overall progress in international relations.

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However, the importance of transportation is often not appreciated. This is a mistake. While services have gained in importance in many economies, supply and distribution of goods will remain significant. As a result, people’s jobs, wages and profits will continue to depend on efficient transport networks.

Efficiency is important because lower transport costs have historically accounted for a considerable increase in volume of trade (whether in the 19<sup>th</sup> century period of globalization or in the last 50 years or so). Lower transport costs encourage international trade and, empirically, trade is a significant variable explaining the differences in economic growth across countries.

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Investment also creates jobs and prosperity. We all know that macroeconomic stability, well-educated labour and favourable investment climate are important factors for making investment decisions.

But many transition economies – or what in your parlance is called “the countries east of Vienna” - have not attracted investment despite favourable investment climate. In many cases the reasons are straightforward. Favourable investment climate is coupled with unfavourable locations, great distances from major markets and landlocked locations. Inferior transport systems could therefore hinder or even prohibit economic development.

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I have already mentioned the importance of physical transportation infrastructure. More and better roads, ports and airports are clearly needed in many parts of the OSCE region. But this is clearly not enough. The presence of good quality physical infrastructure – in order to be fully productive - must be complemented by effective public institutions and the rule of law.

Good governance is a key to economic performance but it cannot be imposed upon society. It is a result of an evolutionary process that brings it about through incremental changes. While it requires formal institutions and rules, it also crucially depends on social norms of behaviour and self-imposed codes of personal conduct. These are not well understood and, above all, take a long time to develop.

Both the UNECE and OSCE implicitly understand this and have devoted considerable resources to designing capacity building projects that nurture this development. This morning Mr. Capel-Ferrer, Director of UNECE Transport Division, will talk to you about what the UNECE does to promote its 55 international conventions and agreements concerning transportation infrastructure, safety, border crossing facilitation and the transport of dangerous goods.

These international instruments were designed, signed and ratified by many UNECE members. They have also been successfully implemented in many countries. As accession is voluntary, they have clearly done so because they consider these instruments beneficial.

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Transportation is about connecting people and moving goods or “building bridges across the world”. For the UNECE, these bridges – for decades - have taken the form of international conventions, agreements, norms and standards. They have been successfully used to connect economies with world markets; to lower the cost of international trade; to ease border crossing and to ensure greater safety of equipment and people.

I would like to stress again that accession to these existing legal instruments is voluntary and the responsibility for their implementation lies with the national governments. The UNECE encourages countries to adopt these instruments. However, it has no authority or mandate to ensure proper implementation.

I cannot overstate how important it is to link physical transportation infrastructure with the effective legal framework. As Mr. Capel-Ferrer may tell you later today, his Division has started work on developing Euro-Asian links. This work deserves strong support as it will be beneficial for many OSCE countries. Some other work on monitoring the implementation of a few selected legal instruments has also begun. But more monitoring work would clearly be beneficial. In the document prepared for this meeting by the Office of the OSCE Co-ordinator, you will have noticed a general outline for possible future work. I strongly urge you to get acquainted with these proposals.

The international legal framework in the area of transportation – to facilitate trade and investment and to contribute to economic development – is too important to be left implemented badly or ignored. The UNECE with its well-established expertise stands ready to assist you in ensuring that transportation continues to contribute to prosperity of OSCE participating States.

Thank you. I wish you successful and productive deliberations during the next two days.

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