

EF.IO/23/06
22 May 2006

ENGLISH only



Statement by Mr. Marek Belka

**Executive Secretary
United Nations Economic Commission for Europe**

Delivered at the Fourteenth OSCE Economic Forum

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

22-24 May 2006

Prague, Czech Republic

Distinguished Ambassadors, Excellencies, delegates, ladies and gentlemen,

At the outset, I would like to thank the host – the government of the Czech Republic - for its warm hospitality and the government of Belgium for inviting me to deliver this keynote address.

This is the first time I have attended the OSCE Economic Forum. I understand, the Forum traditionally takes place in May. As you know, the month of May is a very special time to discuss European and trans-Atlantic economic co-operation in the context of security.

Every May, Europe observes the end of the Second World War. Only two weeks ago, we were once again reminded - lest we forget – about the atrocities and losses that come with war. Every May, many Europeans pay tribute to the millions who made the greatest sacrifice for future generations' peace and prosperity.

At the same time, however, in May, Europe celebrates its day. “Europe Day” commemorates a 1950 speech by Robert Schuman. That speech - considered to be the beginning of the creation of what is now the European Union – makes references to the importance of integration for peace.

The origins of the United Nations are also closely related to the end of the Second World War. Shortly after it – in 1947 - the United Nations' founders, realizing the importance of economic development for peace and the importance of peace for economic development, established several regional UN Economic Commissions.

The founding fathers believed that “maintaining international peace and security” in order “to save succeeding generations from the scourge of war” could be accomplished not only through diplomacy but also through the strengthening of economic relations among countries.

Soon after the work of UNECE began, the rapid deterioration in international relations in post-war Europe prevented the Commission, under the leadership of a Nobel Prize winner Gunnar Myrdal, from implementing fully its original mandate.

Let me say a few words about Gunnar Myrdal.

He served as the first Executive Secretary of the UNECE from 1947 to 1957. And he remains today one of the most outstanding officials that have served the United Nations. It was under his leadership during the difficult years following World War II that the UNECE became a bridge between divided Europe.

This was in the time when no one else except UNECE was willing or able to do so. And this was in the time when the prospects of uniting Europe seemed so distant as to be merely academic.

Gunnar Myrdal had a major influence in keeping alive the idea of a larger, integrated Europe. An idea – let me recall – that is now bearing fruit. As you remember, Myrdal’s idea of an integrated Europe began to take formal shape two years ago – also in May – when eight countries from “behind the Iron Curtain” joined the European Union.

As I already noted, the deterioration of international relations in post-war Europe forced the UNECE to scale down its ambitions. Its primary objective became “building bridges across bipolar Europe”.

These “bridges” have taken the form of conventions, agreements, norms and standards, which have greatly contributed to the overall objective of strengthening pan-European integration. Today, the UNECE develops and keeps up-to-date a broad set of legal instruments, regulatory norms and voluntary standards.

They all contribute to a truly pan-European legal environment.

Under the UNECE’s roof, there are five environmental conventions and twelve related protocols as well as 56 conventions, agreements and protocols in the area of transport.

The UNECE has also established hundreds of voluntary standards, policy guidelines and recommendations. They cover numerous and wide-ranging fields such as trade facilitation and electronic business; commercial quality standards for agricultural products; guidelines on condominiums, social housing and land administration; statistical concepts and methodologies; as well as definitions of forest products.

This year, the OSCE Chair-in-Office has selected transport as the subject of the Economic Forum. I am pleased about this choice, as transport is one area where the UNECE has provided many significant contributions to pan-European integration.

We are meeting today to discuss “secure transportation networks and transport development to enhance regional economic co-operation and stability”.

“What does transport have to do with economic co-operation?”

In plain English, closed roads indicate a complete lack of economic co-operation. Non-existent roads point to the lack of interest or incentives to exchange goods, to visit and to communicate with each other.

In contrast, roads that are travelled frequently, that are modern, safe and secure clearly prove that the peoples, who are linked by them live, co-operate and wish to prosper together.

Transport is unique as it touches upon various aspects of economic exchange and regional co-operation. However, the importance of transport is often not fully appreciated.

Let me mention two - in my view - important economic contributions of transport.

Historically, lower transport costs go hand in hand with increases in volume of international trade. This was true in the XIXth century period of globalization as it has been in the last 50 years or so. Lower transport costs encourage international trade, and trade, in turn, is a significant factor contributing to economic growth.

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

But many countries do not attract foreign or domestic investment despite having these attributes.

This may happen when good investment climate goes together with peripheral or landlocked locations and a great distance from major markets. Undoubtedly, solid physical transport infrastructure may reduce the economic significance of unfavourable locations.

The importance of transport infrastructure is well known. But it is not enough. Harmonized transport regulations, effective public institutions and the rule of law must complement the presence of good quality physical infrastructure in order to make it fully productive, safe and secure.

This brings me to the role played by the UN Economic Commission for Europe.

Transport is about “building bridges across the world”. As I already explained, for the UNECE, these “bridges” – for decades - have taken the form of transport conventions and agreements.

I urge you to take the fullest advantage of these international instruments. They have been successfully used throughout the world to connect economies; to lower the cost of international transport and trade; to ease border crossing and to ensure greater safety of people and equipment.

They are yours to be used.

As it is a tradition at the OSCE Economic Forum, tomorrow, my staff will review the implementation of OSCE commitments. This year, OSCE commitments in the area of transport have been reviewed.

Tomorrow, you will hear that inland transport is indispensable, but also that it faces great challenges.

First, in Europe, infrastructure networks are not yet adequate, coherent and integrated. More and better roads and railways are needed in many parts of the UNECE region.

Second, border crossing times – by truck or train – are often too long. This happens because of many reasons, including justified reasons such as security. But long border crossing times represent significant barriers to international trade.

Third, divergences in transport regulations, which are frequently ignored or forgotten, also represent major additional barriers to trade. More effort is required to harmonize transport regulations internationally.

Fourth, there are still too many deaths and injuries on UNECE roads. They bring great human suffering as well as high economic costs. Road safety in many countries is not improving as fast as it should.

Finally, transport generates – what economists call – negative health and environmental externalities. These health and environmental concerns should be integrated into transport policy and decision-making.

Given these challenges, the UNECE conventions and agreements on transport, as well as the TEM and TER Projects and the Euro-Asian transport links project, provide excellent tools to begin to rectify this unsatisfactory situation. In this context, tomorrow, you will also be presented with project proposals for consideration and possible support by the OSCE.

In my – so far – relatively short tenure as the Executive Secretary of the UNECE, I have noted some complementarities between UNECE and OSCE. The OSCE is mainly a political organization – albeit with field presences – often acting as a catalyst for change. The UNECE concentrates on its expertise in the area of international norms and standards. The UNECE works hard to produce tangible, beneficial outcomes for its members. Especially, in those areas which contribute to further economic integration and regional co-operation throughout its region.

I began my speech by telling you that this is my first time at the OSCE Economic Forum in Prague. That is why I will particularly look forward to

listening to how our two organizations can work better towards contributing to building a more integrated, peaceful and prosperous Europe.

I wish you productive deliberations.