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## **REPORT**

**FOR THE GENERAL COMMITTEE ON ECONOMIC AFFAIRS,  
SCIENCE, TECHNOLOGY AND ENVIRONMENT**

*Strengthening the OSCE's Effectiveness and Efficiency –  
A New Start After the Astana Summit*

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# **REPORT FOR THE GENERAL COMMITTEE ON ECONOMIC AFFAIRS, SCIENCE, TECHNOLOGY AND ENVIRONMENT**

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## **I. Outcome of the 2010 OSCE Summit**

The Astana Summit of the Organization for Security and Co-operation in Europe, held on 1 and 2 December 2010, was a unique event.

According to Nursultan Nazarbayev, President of Kazakhstan, the country which chaired the OSCE in 2010, the initiative to convene the OSCE Summit in Astana was based on a number of considerations.

First was the deep conviction that, in the twenty-first century, the OSCE can and must use all of its prior experience to build an ambitious new security system spanning the entire Eurasian continent, in the area laved by four oceans – from the Atlantic to the Pacific, and from the Arctic to the Indian Ocean.

Second, it was important to pull the OSCE out of a critical situation. Although it had managed to freeze the local conflicts in its area of responsibility – the Balkans, Transnistria, Nagorno-Karabakh, Abkhazia and South Ossetia – the Organization had simply been unable to find a way to resolve those conflicts fairly. OSCE participating States had developed different approaches to understanding the fundamental issues related to the military, humanitarian and economic dimensions of security.

Third, it was necessary to restore the value and effectiveness of direct dialogue among the leaders of OSCE countries. In some participating States, a whole generation of political leaders had already been replaced without ever having met one another on the margins of OSCE summits.

Such were the arguments in favour of convening the summit, and this line of reasoning received support. At the Istanbul Summit in 1999, the OSCE essentially stopped at the open door to the twenty-first century. But only in Astana could it cross that threshold.

The Astana Summit, attended by 73 official delegations from all participating States and partners, as well as key international organizations, demonstrated their readiness to further the dialogue about changes in the largest international security structure.

For the OSCE, the road from Istanbul to Astana took 11 years. For this reason, the value of the OSCE's Astana Commemorative Declaration, "Towards a Security Community", is indisputable.

The Declaration confirms the relevance of the principles on which the Organization was based, and the adherence of all 56 participating States to OSCE norms and commitments, starting from the Helsinki Final Act, the Charter of Paris, the Charter for European Security, and other documents.

The Astana Declaration notes in particular that the security of the OSCE area is inextricably linked to that of adjacent areas, notably in the Mediterranean and in Asia.

The Declaration sets the goal of establishing a common and indivisible Euro-Atlantic and Eurasian security community as the primary objective for the OSCE in the new century.

All ideas for strengthening OSCE mechanisms should certainly be viewed as a collective contribution to the process of rethinking the Organization's role in consolidating global security. One must agree with the position voiced at the Astana Summit by United States Secretary of State Hillary Clinton, that today, "[t]here is no other regional organization as well positioned [as the OSCE] to do so", especially when it is a question of strengthening the OSCE's capacity to respond effectively to emerging threats and challenges, and to prevent and resolve grave conflicts throughout its area of responsibility.

With regard to the economic and environmental dimension, new initiatives took shape at the Summit. In particular, there was a proposal to single out the issues of financial and economic security as a separate basket of the OSCE. Today, the world's most promising areas of economic growth are to be found in the OSCE area and in Eurasia as a whole. For this reason, it is important to look for ways to establish co-operation among them on the basis of confidence and effective security systems.

The OSCE has the potential to participate in the development of guidelines for co-ordinated monetary and financial policies, and in co-operation and integration in the Euro-Atlantic and Eurasian area. The proposals to supplement the OSCE's structure with councils on energy security and economic co-operation, and to establish a council of ministers of OSCE countries to co-ordinate the fight against cross-border crime, drug trafficking and illegal migration, are worthy of attention.

The Kazakh Chairmanship drew the partners' attention to a number of questions relating to environmental security. In particular, a donors' conference on the Aral Sea was held, at which the idea was put forward of adopting, in the OSCE format, a "Water and Rights" programme as an international legal framework for resolving water issues in a region affected by shortages.

The OSCE partners' attention was also drawn, in particular, to the need to consolidate the search for ways to overcome the consequences of the global financial and economic crisis. The Chairmanship proposed that work be carried out with regard to implementing the OSCE's Maastricht Strategy and adapting it to a post-crisis environment.

The Astana Summit was the first ever held beyond the geographical borders of Europe, in Central Asia, which had avoided the fate of becoming an area with downsized security mechanisms.

The experience of Kazakhstan, which led the OSCE in 2010, is being seamlessly developed by Lithuania, which holds the Chairmanship this year. This process will be continued by Ireland in 2012 and by Ukraine in 2013.

## **II. The OSCE's Activities in the Economic and Environmental Field**

Co-operation among OSCE countries in the economic and environmental field is part of the "second basket". It is clear that the full realization of the OSCE's potential, not only in the security field, but also in the economic and environmental dimension, would enable it to respond more effectively to new global and European security challenges.

Previously, the OSCE's economic component developed slowly, owing both to the priority given to integrating the European countries within the framework of their own bloc alliances, and to the absence of general incentives for integration, as well as, in a wider sense, specific topics of discussion. Another factor was the political confrontation during the Cold War, which frequently led to economic blockades and sanctions. Nevertheless, the "second basket" was supported both as a channel for dialogue, and as one of the three thematic tracks of the Helsinki Process.

Nowadays, the phrase "security through co-operation", which defines the essence of the concept of co-operative security, also reflects the role and significance of economic and environmental co-operation within the OSCE's comprehensive approach to ensuring peace and stability in its region.

The tendency in recent years as regards the OSCE's work shows a declining interest on the part of the Western participants in the politico-military aspects of the Organization's activities.

With regard to humanitarian issues, the OSCE has increasingly become a body which monitors the human rights situation in the countries of the Commonwealth of Independent States. In these circumstances, the economic and environmental area (the "second basket") now appears to a number of OSCE participating States as being probably the only promising one, from the standpoint of their long-term interests. This being the case, attention to environmental matters is growing markedly.

As everyone knows, in December 2003, the OSCE Ministerial Council adopted the OSCE Strategy Document for the Economic and Environmental Dimension. This basic document is the foundation for the activities of participating States and for co-ordinating the OSCE's efforts with those of other international organizations. The advisability of preparing supplements to it, or even a new document – "Maastricht Plus" – was discussed in Astana.

What might the "novel features" of what previously seemed to be an impeccable strategy consist of?

### **Energy Co-operation**

In the last few years, the energy dialogue has played a key role in the OSCE's economic and environmental dimension.

Despite the existence of a number of Ministerial Council decisions on energy security, in particular the Brussels Ministerial Council decision on the "Energy security dialogue in the OSCE" and the Madrid Ministerial Council decision on "Protecting critical energy infrastructure from terrorist attack", the OSCE has not decided up to now on its place and role in international co-operation in the field of energy security. In order to resolve this issue,

the ministers for foreign affairs of the OSCE participating States, in their December 2009 decision on “Strengthening dialogue and co-operation on energy security in the OSCE area” (adopted at the Athens Ministerial Council meeting), tasked the OSCE Secretary General to explore a possible role for the OSCE in international co-operation in the field of energy security. The corresponding report of the Secretary General was presented during the Review Conference preceding the Astana Summit, in October 2010.

The OSCE Parliamentary Assembly is justified in expecting rapid approval of the OSCE Action Plan on the outcome of the Astana Summit.

The issue of energy security has also been examined repeatedly in the course of the informal Corfu Process. In the context of Corfu Process meetings devoted to the economic and environmental dimension, a number of delegations have voiced their ideas on the deepening of energy co-operation in the OSCE region. Among the proposals which deserve special attention, mention should be made of last year’s initiative by the delegation of Slovakia, joined by Canada, Croatia, the Czech Republic, Germany, Hungary, Latvia, Luxembourg, Poland, Slovenia and the United States of America, concerning the creation of an OSCE early warning mechanism for energy crises. We should also carefully consider the Russian initiative for the conclusion of a convention on ensuring international energy security, a draft of which was presented by the delegation of the Russian Federation to the OSCE in December 2010.

The issue of the growing energy interdependence among producer, consumer and transit countries must be resolved through dialogue in a spirit of co-operation, so that these countries can benefit fully from such interdependence and contribute further to the strengthening of global energy security, while duly taking into account the interests of all parties concerned.

Following the so-called “gas crisis” in early 2009, due attention was given to transit countries. According to Herman Van Rompuy, President of the European Council, none of the other regions in the European Union’s neighbourhood faces a more complex set of sensitive challenges, but at the same time, more auspicious prospects, than the six countries of the “Eastern Partnership” – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

To put it simply, it is impossible to imagine Europe’s energy security, both in terms of the reliable functioning of the transit network and of the potential diversification of energy sources, without the involvement of the Eastern partners.

The large-scale use of renewable energy sources could make a significant contribution to ensuring long-term energy conservation without a negative climate impact. At the same time, the OSCE’s efforts to inform the public about the challenges in the field of energy security, to provide a space for dialogue on that subject and to fill it with constructive content, and to develop regional and global co-operation in the field of energy security, are insufficient.

It is generally recognized that vital energy infrastructure, including nuclear power plants, hydroelectric dams, oil and gas extraction and refining companies, electricity transmission lines, pipelines and infrastructure, and energy and hazardous waste storage facilities, can be vulnerable.

For this reason, the OSCE Action Plan must contain answers to the grave concern in the light of the growing risk of man-made and natural disasters or terrorist attacks against vital infrastructure, which in the event of damage to the infrastructure or its destruction will have a major impact on people's health and well-being.

This question remains relevant today because the Lithuanian delegation has included it among the priority tasks of its Chairmanship programme. This year's OSCE Economic and Environmental Forum will deal with energy problems in addition to the subject of transport development.

### **Environmental Protection**

At the meeting of the General Committee on Economic Affairs, Science, Technology and Environment held in Vienna this February, it was noted that 2010 had set a sorry record as regards the number and scale of natural disasters. According to figures provided by the United Nations, the forces of nature claim more lives each year despite the development of early warning technologies. In 2004 some 250,000 people fell victim to natural disasters. This is three times as many as in 2003 and almost ten times higher than the figures for 2002. According to the European Union Commissioner for International Co-operation, Humanitarian Aid and Crisis Response, Kristalina Georgieva, last year natural disasters claimed more than 300,000 human lives. The damage to the economy totalled 180 billion euros, compared to 70 to 80 billion euros in the previous years. On average, around 200 people died each day as a result of natural disasters. The natural disasters that occurred in the OSCE region in 2010 were notable for their gigantic scale and the long-term consequences, which will take many years to overcome. For example, one might recall the floods in Poland, Bulgaria, Germany, the Czech Republic and other European countries or the forest fires in Russia.

According to experts from the International Civil Aviation Organization, during the volcanic eruption in Iceland airline companies suffered losses totalling 250 million United States dollars each day.

That was 2010. The year 2011, however, began with even more alarming news – massive flooding in Australia, as a result of which territory greater than the size of France and Germany combined was flooded. The damage is estimated at around 6 billion United States dollars.

The earthquake and tsunami in Japan claimed more than 20,000 lives and resulted in a technological disaster at a nuclear power plant.

The OSCE Action Plan expected on the basis of the outcome of the Astana Summit cannot of course offer any absolute conclusions regarding the reliability of the operation of nuclear reactors or the future prospects for atomic energy. There would, however, certainly be justification for specifying the requirements for the monitoring of existing nuclear power plants and, above all, common approaches as regards security measures and the response of OSCE participating States to incidents at nuclear power plants, particularly in view of the massive protests and concern on the part of the civilian population in many countries.

This is especially true since the OSCE already has considerable experience of co-operation within the framework of the Environment and Security Initiative (ENVSEC).

## **The Migration Problem**

The political events in the North African countries this spring have evoked the possibility of the eruption of a “migration volcano”. At the Winter Meeting of the OSCE Parliamentary Assembly in Vienna, a number of rapporteurs mentioned the figure of 1.5 million refugees, most of whom are potential immigrants to European countries.

The migration question is one of the main priorities of the Office of the Co-ordinator of OSCE Economic and Environmental Activities. Under the Slovenian Chairmanship, which actively focused on this question, the OSCE Ministerial Council adopted a decision in 2005 on migration, which laid the foundations for the subsequent development of co-operation on migration problems within the OSCE.

In 2006, the foreign ministers of the OSCE participating States confirmed the relevance of this question during their meeting in Brussels in a Ministerial Statement on Migration.

A fresh impetus to co-operation on migration issues within the OSCE was given by the Greek Chairmanship, under whose auspices the OSCE Forum on the theme “Migration management and its linkages with economic, social and environmental policies” was held in 2009. As a result of that forum, the Athens Ministerial Council decision on “Migration management” was adopted in 2009.

Together with the delegation of Slovenia, the Greek Chairmanship actively promoted the topic of migration within the Corfu Process as well. For example, an idea was put forward regarding the establishment of a network of migration experts within the OSCE. The purpose of this network was to be the exchange of experience among participating States on questions concerning the legislative basis, the integration of migrants, the question of savings and transfers, border control, the examination of current international trends in the sphere of migration, and the like.

The OSCE Parliamentary Assembly also paid considerable attention to these problems in the Kyiv Declaration of 2007 and the Vilnius Declaration of 2009. In 2008, the OSCE Parliamentary Assembly adopted a separate resolution in Astana on “Recognizing the economic, cultural, political and social contributions of migrants”.

In due course, the European Commission against Racism and Intolerance encouraged new countries – the “newcomers” in the Council of Europe – to sign and ratify three conventions: the European Convention on Nationality, the Convention on the Participation of Foreigners in Public Life at the Local Level and the European Convention on the Legal Status of Migrant Workers. However, these conventions have not been approved by some countries in transition or by some EU countries. Specifically, the European Convention on Nationality has been ratified by only 20 States, the European Convention on the Legal Status of Migrant Workers has been signed by only 4 States and ratified by 11 States, and the Convention on the Participation of Foreigners in Public Life at the Local Level has been even less popular – it has been ratified by eight States and in five cases it has not been signed after ratification.

There are many reasons for this, including the fact that the breadth and universality of these conventions conflicts with the desire of States to preserve unrestricted freedom of action on migration issues.

During repeated discussions of these issues within the OSCE Parliamentary Assembly, however, the overwhelming majority of parliamentarians came out firmly in favour of establishing acceptable mechanisms for the legal regulation of migration processes. Otherwise, a failure to act on the part of politicians would merely create a breeding ground for transnational criminal activities in the area of illegal migration, for excessive profits for people smugglers and, in the worst cases, for the slave trade and years of bondage for migrant workers or asocial behaviour of members of their families from generation to generation.

### **Security in Cyberspace**

In November 2010, a group of government experts from the United Nations managed to agree on a report on the evaluation of the threats to information security and the development of the situation in cyberspace, which was signed by 15 countries, including the United States of America and the Russian Federation. The document recognizes the existence of a general threat.

The paralysis of control systems, massive blackouts, chaos in air traffic control and ground transport systems, disruptions to the work of banks and stock exchanges, Internet failure and breakdown of mobile communications – this is what the cyber weapons scenario looks like according to those who believe that inter-State confrontation in cyberspace is inevitable.

We are witnessing the development of cyber tactics, equipment and technologies. They are being researched, designed and employed by both developed and developing countries. In this situation it would be foolish not to act, not to protect critical infrastructure, facilities and networks, not to inform the public, and so on.

In the 20 seconds that it takes to read the previous paragraphs, around the world 680,000 search requests will be made and 8 million emails will be sent. There will be 140,000 status updates among the half a billion users of the Facebook social networking site, while the computer network of the Automated Clearing House linking all American financial institutions will process 12,000 electronic payments.

The possibilities of the Internet for the instantaneous transfer of information regardless of international borders offer enormous advantages when they are used for legal purposes. If, however, a criminal is at the other end of the line, these opportunities turn into an area of vulnerability. The danger is many times greater if the computer networks of military authorities are involved.

In today's world, personal data theft is the most widespread and most rapidly growing form of commercial fraud. The modern methods used to obtain personal data via the Internet can be divided into three principal categories: a) tricking the Internet user into disclosing his or her personal information; b) malicious programs; c) using programs installed without the user's knowledge to enable access to computer systems. One of the major advantages of the Internet from the criminal's point of view is that on the World Wide Web completely random people who are in no way connected may act as buyers and sellers of personal data.

Restrictions as regards the number of cyber weapons and tactical prohibitions would be a logical step. In the first instance, it is a matter of safeguarding international banking systems.



The world needs a treaty that can prevent a total cyber war, the Secretary-General of the International Telecommunication Union, Hamadoun Touré, said at the World Economic Forum during the discussion of the question whether a cyber attack could be considered to be a declaration of war.

However, negotiations on the conclusion of such a treaty are progressing extremely slowly. Even the initiators of this new treaty are not ready for transborder control and the monitoring of violations in cyberspace. And the arms race in cyberspace is gaining ever more speed.

The OSCE Parliamentary Assembly has examined the question of cyber security on several occasions. This topic was considered most extensively in the Oslo Declaration of the OSCE Parliamentary Assembly (2010) in connection with transnational organized crime.

However, both State structures and private companies and natural persons need co-ordinated and organized measures of protection. The task of the OSCE is first and foremost to avert the threats and new challenges of the twenty-first century.

### **III. Conclusion**

At the present time, five key challenges determine the geopolitical strategy:

1. Increase in militant extremism;
2. Proliferation of weapons of mass destruction;
3. “Frozen” conflicts and warring countries;
4. A fundamental imbalance of power, brought about by the appearance of new powerful economic and military players in the world;
5. Growing tension as a result of the struggle for natural resources, water and fertile lands, which has been caused, among other things, by climate change.

At least two of these challenges are directly linked to the economic and environmental dimension of the OSCE. Aggravating factors include the consequences of the financial and economic crisis, the appearance of potentially dangerous dual-purpose or environmentally hazardous technologies, the uncontrolled nature and rapid growth of cyberspace, and the rise of international organized crime.

The OSCE must, by modernizing its activities, counter the new challenges through collective measures that have been agreed by all participating States, through its wealth of experience from the – to quote the words of European intellectuals – “brief” twentieth century, and through closer co-operation with other prestigious international organizations.