

RECALLING THE SPIRIT OF HELSINKI



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REPORT

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

Recalling the Spirit of Helsinki

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Rapporteur: Ms. Marietta Tidei (Italy)

Introduction

On the 40th anniversary of the Helsinki Final Act, which led to the establishment of our Organization in 1975 (the CSCE, later to become the OSCE), it is worthwhile casting our mind back to the reasons that led 35 nations to declare a reciprocal commitment to security and co-operation. Today the OSCE numbers 57 countries. It has evolved as history has evolved, reflecting the transformations that have intervened over the years, and proving that the road taken back then was indeed the right path.

Forty years ago in Helsinki, when the interconnected dimensions of security were divided up into the OSCE's three conventional spheres (or baskets), a certain emphasis was given to economic co-operation. In 1975, the OSCE's founders understood that: *"The growing world-wide economic interdependence calls for increasing common and effective efforts towards the solution of major world economic problems such as food, energy, commodities, monetary and financial problems, and therefore emphasizes the need for promoting stable and equitable international economic relations"* (excerpt from the Helsinki Final Act preamble to the section on economic co-operation). All too often, the sphere of economic co-operation has been considered worthy of marginal attention compared with the two other spheres of political security and human rights. In actual fact, a close analysis shows that it is precisely in this second sphere that the spirit of Helsinki has, over the last four decades, succeeded in achieving tangible and stable results, on occasion foreshadowing the scenarios pursued by our Organization's political sphere.

There can be no doubt that the economic dimension encompasses several areas of undeniable strategic importance, first and foremost economic co-operation between States – something on which the Helsinki Final Act places great emphasis. In the spirit of Helsinki, economic co-operation has served to drive co-operation in the political sphere in pursuit of shared security objectives. Today, economic co-operation is a reality amongst all of our participating States; it exists even where nations do not constructively work together at the political level. Although economic co-operation as a whole has been one of the OSCE's successes and strengths, there is still much to do in order to achieve increasingly equitable and stable economic development: economic development that responds to new challenges and caters to new types of co-operation through the modern global market.

The economic downturn that began in late 2008, and which ever since has been devastating many countries' economies, has once again demonstrated how the deep currents of economic relations directly impact the global geopolitical balance. Precisely for these reasons, implementation of the programme in the second sphere is still, 40 years after it was formulated, one of the OSCE's key goals. It goes without saying that the significance of co-operation in the economic, environmental and cultural realms must be updated to take into account the present-day agenda. It must be reiterated that excessive rigidity and austerity are not demonstrating themselves to be appropriate for the economic challenges of our millennium. Indeed, such measures run the risk of further depressing the drive to produce, particularly for small- and medium-sized enterprises (SMEs), negating the primary macroeconomic goal of revitalizing the market in order to counter the

downturn. More than anything else, the downturn has affected the poorer classes. Given this fact, budget consolidation must not eschew a healthy strategy for growth, social cohesion and investment in science and technology, all elements vital to improving people's living conditions. The OSCE must play a role in prompting national governments to distance themselves from austerity-based policies and instead leverage policy to boost investment; without this, healthy, balanced economic co-operation is impossible. One way to achieve this is to strengthen measures against international corruption and money laundering: illegal economic activities that deprive the public purse of considerable resources which could, on the contrary, be used for the common good of all citizens.

As is the case with austerity and the economic downturn, we should bear in mind both the need for continuity and the need for innovation in the spirit of Helsinki by undertaking an in-depth review of the various points enshrined in the Helsinki Final Act and assessing what new challenges each one entails forty years later.

A - Food and Water Security

Back in 1975, the Helsinki Final Act farsightedly perceived food security to be one of the world's most important economic issues, one that requires "*increased and effective efforts to resolve*". A recent OSCE PA Annual Session looked into this very topic and considered it not just to be a primarily economic issue but a question that lies at the very heart of what the Helsinki Final Act defines as the *globality and indivisibility of security*. The concept was reiterated by Rapporteur Roger Williams in his 2014 (Baku) Report to the Second Committee, and above all in the 2009 (Vilnius) Report to the First Committee, which was drafted by Riccardo Migliori, and focused specifically on the topic of food security.

What primarily threatens food security is not only the lack of food, but also the lack of water, a resource not available indefinitely. The lack of water and its uneven distribution among various layers of the population is one of the largest and most unacceptable injustices in our current world. According to many analysts, future wars will be fought not because of oil, but because of water. Food is a fundamental right acknowledged by the international community and codified under Article 25 of the Universal Declaration of Human Rights. Many political upheavals and episodes of violence have been triggered by crises associated directly with food security. One recent example was the Arab Spring uprising, particularly in Tunisia, where popular protest was set off in part by a rise in the price of grain. It is clear that appropriate and balanced management of food resources fosters conflict prevention, which is one of the main (silent) ways in which the OSCE acts, helping to tackle emerging security-related challenges.

For world population growth to be sustainable and malnutrition be defeated, a two-pronged approach to the issue is required: the first is to frame "food security" as a cornerstone of international stability and as a key factor of geopolitics; the second is to identify new technological solutions and new ways of living. Mirroring this global, innovation-led approach, this year sees a major event in Milan: Expo 2015, whose theme is "Feeding the Planet, Energy for Life." Expo Milano 2015 is an ideal opportunity to discuss potential solutions to the contradictions from which our world suffers: on one hand, people are still going hungry (in the two-year period 2010-2012 approximately 870 million people were under-nourished), while at the same time people are dying from health problems associated with poor diet and excessive food consumption.

Every year, approximately 1.3 billion tons of food are wasted. Striking the right balance between resource availability and consumption is possible through informed political decision-making, sustainable lifestyles and the adoption of cutting-edge technologies. One such initiative is the Milan Protocol, which has already received backing from a number of organizations: the protocol was

conceived to stimulate renewed efforts by all nations to ensure the development of sustainable agriculture and combat food waste. The OSCE can play a lead role as a facilitator and promoter of initiatives along all of these paths. When it comes to food, some nations have better track records; these nations can work together with others to help introduce healthier lifestyles and eating: for example, what is known as the “zero food miles” movement, or purchasing groups (people who club together to buy certified food direct from local producers). These are all healthy, bottom-up reactions from civil society that should be publicized and promoted in order to raise the greatest possible awareness that we can eat healthily and remain environmentally friendly at the same time.

Water is the number one food security and safety risk factor, because water is becoming an increasingly key geostrategic resource. It is no coincidence that one of the UN’s millennium goals at the start of the century was to halve the percentage of people in the world who do not have secure access to sources of drinking water and basic health services. Like other major international organizations, the OSCE should permanently add the issue of water to its agenda and consider it as a must-have element of security and social stability. Today, a shortage of water is a problem on all continents. It is estimated that around one-fifth of the world’s population lives in areas subject to water scarcity; as many as one out of every four people on the planet are afflicted by economically-caused water poverty. Given current economic and demographic trends, these figures are destined to become much more critical, particularly as far too much water is wasted, and no adequate sustainable water resource usage programmes exist. It is estimated that in a decade’s time somewhere between half and two-thirds of the world’s population will be subject to what is known as “water stress.”

Water-related issues link in to food security in two different ways: water is an indispensable resource, and at least 70 per cent of the water we consume is used for irrigation to feed the world’s population. According to current demographic trends, the world population will reach 8 billion people in 2025. It will not be possible to feed all of these people without a decisive improvement in how irrigation is managed around the globe. We must therefore appropriately develop and upgrade irrigation techniques, conserve water resources and ensure that these resources do not dry up (on the contrary, we must promote the recycling of water for agriculture), renew drinking water delivery infrastructure, and protect water from any form of pollution. To fight water poverty around the globe will require setting aside funds for long-term investments and ratifying nationally and internationally adequate policies. This is a target that we cannot afford to miss; it affects each and every one of us. As the Pope said on World Water Day (promoted by the United Nations on 22 March), “Water is a common good par excellence... the most essential element for life, and humanity’s future depends on our ability to care for it and share it.”

B - Energy Security

The international energy scenario is currently beset by a number of imbalances. Critical issues above all include imbalances between producer and consumer countries, not to mention an imbalance in the distribution of energy resources. If these critical issues are not appropriately governed, circumstances may be exacerbated and insecurity maximized. This risk applies in particular to the OSCE area and the Mediterranean basin. Taking our inspiration from the Helsinki Final Act, we may identify four fields of action for intervention in order to mitigate energy imbalances: energy supply, power flows, generation sources and energy savings.

The first of these aspects encompasses energy supply and associated issues at political level. Several times in recent years, energy supply has been used as a weapon to wield political pressure; this has included OSCE participating States as well. Clearly, this kind of attitude is not sustainable as part of a co-operative approach. Being in possession of raw materials cannot be used as a tool of

power, and yet raw material producers require reassurances about the value of their assets, which cannot be allowed to suffer wild, unfettered market fluctuations.

The question of energy supply leads directly into issues associated with energy transmission. It is common knowledge that energy provision is not equitable around the globe. The OSCE area, however, includes some parts of the world that are richer in hydrocarbon deposits (Central Asia and the Caspian region). This gives our Organization enormous potential for managing and routing power flows. However, to achieve this requires the right initiatives to stabilize power resource flows. Co-operation in this sector is particularly indispensable to properly rationalize the entire energy distribution system.

Last February in the three communications that make up the so-called “Energy Union” package, the European Commission itself identified regional co-operation as one of the key factors for securing the European energy system. In order to reach a fully integrated European energy market, the Commission based its proposals acknowledging the excessive fragmentation of the European energy market, characterized by insufficient investments, excessive concentration and weak competition. There can be no rational economic/energy co-operation without the democratic standards envisaged under the Helsinki Final Act. It is precisely this link that makes the process of democracy-building crucial in the Central Asian nations that have a direct impact on a balanced distribution of energy flows. Power transmission routes are the most important factor in achieving a rational distribution of energy resources. The OSCE could be more involved in energy corridors and all of the infrastructure that they entail. For example, greater attention can be focused on the TAP Project, the gas pipeline from Azerbaijan to southern Italy: this is a vital supply line to South Eastern Europe and the Balkans, areas that have always been essential to the OSCE’s security architecture. Construction of this gas pipeline would make it possible to reduce energy dependency in these areas, and transform the Mediterranean into a gas hub for central and southern Europe.

Another important issue to resolve in order to ensure energy security is to differentiate among generation sources. Energy independence has always been a topic of key importance across the OSCE area. Diversifying energy sources fosters sustainability and environmental balance. Once again, as envisaged in the Helsinki Final Act, the regions of the planet with the largest deposits of energy resources – such as Central Asia and the southern shore of the Mediterranean – have a fundamental role to play within the framework of an open and balanced energy market; these are geographical and geopolitical areas that belong to the OSCE and its traditional area of influence.

Energy-saving may be last, but it is by no means least, as far as security is concerned, both in terms of reducing the quantities of power we consume and adopting energy-efficient sources of generation. A significant amount of the power we consume in our everyday lives is not exploited to its full potential. Above all others, the topic of energy-saving is about enhancing and upgrading electricity grids to reduce the loss of power as heat. This entails fostering scientific research and technological experimentation into forms of electricity transmission that boast high levels of energy efficiency (savings), as established under the European Council’s 24 October 2014 “Climate and Energy Policy Framework.” These are all public policies that can benefit from a strong co-operation-led relationship among OSCE nations.

C - Research into New Sources of Energy

The Helsinki Final Act explicitly refers to joint research into new sources of energy, above all the development of new technologies for the use of nuclear energy. Forty years on, after a string of environmental problems caused by nuclear power stations, the attitude towards this source of energy is one of greater prudence. And yet, as we are well aware, hydrocarbons are responsible for

significant environmental problems too. Moreover, the fossil fuel market underpins inter-State economic equilibrium. For example, many potential motives for conflict may be ascribed to fluctuations in oil prices and vulnerabilities affecting the supply system of a country or group of countries. For this reason, over the coming decades we should foster a broader energy market, one that is less dependent on certain geographical areas.

It is consequently essential to invest in new sources of energy. Additional development of renewables is necessary to rebalance the mix of energy sources. It should further be highlighted that the enormous potential represented by the green economy is of vital importance to energy efficiency and security, sustainable development, new job creation and, more generally, achieving Millennium Development Goals that specifically envisage environmental sustainability as a target to be reached by 2020.

D - The Environment

The Fifth Intergovernmental Panel on Climate Change (IPCC) Report (COP 20 Lima, December 2014) decries the fact that greenhouse gas emissions are still rising and pose a very serious risk through a global increase in temperatures. It is a scientific certainty that climate change is underway, as are the negative effects of greenhouse gas emissions like *ocean warming* and *glacial melt*. The starting point for managing climate change can only be global measures to bring down emissions. Having said that, every citizen and every State must do their bit.

The consensus-based Lima Conference adopted the *Lima Call for Climate Action*, a document that sets guidelines for a final agreement on the reduction of greenhouse gas emissions for signature at COP 21 in Paris this coming December. This is set to be the most important agreement on the environment since the Kyoto Protocol (1997) and will serve as a roadmap for protecting the environment up to 2020. We must hope that in the months leading up to the Paris meeting, signs of goodwill will emerge towards a common approach to reducing greenhouse gas emissions.

Any future agreement will be based on a consensus on INDCs (Intended Nationally Determined Contributions: contributions individual countries commit to in order to achieve the climate targets). Countries are due to quantify their commitments by the end of Q1 2015. The OSCE Parliamentary Assembly can raise awareness among member country parliaments and governments so that they ratify global agreements on reducing emissions and adopt COP-compliant provisions. It should be highlighted that we can draw on the OECD's strategy for green growth, a package of guidelines and strategies based on the direct relationship between sustainable development and economic growth.

E - Economic Co-operation

Against the backdrop of the Cold War and potential military conflict, the Helsinki Final Act gave broad scope to economic and industrial co-operation between nations. This approach remains valid even in our more multipolar world. What modest improvements in the global economy we have seen are piecemeal; the recovery is fragile and even imperceptible for broad swathes of the population. The main cause of the crisis was the collapse of major financial institutions as a result of poor management. The OSCE must lobby States to adopt regulations that limit risk-based speculation, while allowing financial institutions to provide capital for investments that spur the recovery. Economic co-operation is vital to this purpose. The crisis in Ukraine has prompted a number of nations to adopt economic sanctions against Russia, in turn prompting Russia to adopt counter-sanctions. Above and beyond the political reasons why certain nations adopted these sanctions, the result has been to imperil economic recovery in Europe and worldwide, leading to a situation that is out of sync with the "spirit of Helsinki". Both Russia – which is the target of the

sanctions – and the countries that have imposed the sanctions are acting outside the template established by the OSCE in Helsinki in 1975. The dysfunctional mechanism of sanctions not only damages the target, it also harms the people who apply them: this is especially true of economies in countries where, for over a decade now, the business world has cultivated excellent trade and commercial relations with Russia, triggering an uneconomic spiral that directly affects stability.

Lastly, we wish to suggest that the OSCE use the Helsinki +40 process to strengthen co-operation with its Mediterranean partners, acting as a mediator for initiatives deployed by these nations to promote growth and attract investment. The Mediterranean aspect of economic co-operation was highlighted in the Helsinki Final Act which extended dialogue and co-operation to “all Mediterranean States, whether or not they participate in the OSCE.” Given the current challenges affecting this area on the OSCE’s borders, we should strengthen co-operation between Southern European States and partners in Northern Africa in order to identify shared strategies to manage migratory flows, increase the benefits, minimize potential negative repercussions, and ensure that tragedies like the ones we have witnessed in recent years, in which thousands of migrants have lost their lives, never happen again.

And finally, if the OSCE proves to be incapable of looking beyond its borders, it will find it impossible to tackle the economic challenge of China: in 2015, China is set to become the world’s largest international investor, earmarking €110 billion for foreign countries around the globe. Chinese investments have grown tenfold over the last decade, and no longer solely cover the traditional export market for low-cost products. Chinese companies and financial systems are today part of modern economic reality, first and foremost in technology, the high-tech market, credit and finance and a large number of infrastructure projects and services in many OSCE countries. This is one reason why China’s economic ascent should not be viewed as a threat but as a major opportunity we should seize in order to involve a new partner in building a common scenario of prosperity and security.