

Thank you, Mr. President, and thank you Mr. Secretary General, for giving me the opportunity to update the Standing Committee on events in Vienna and the work of the Liaison Office.

Many of you will have seen my written report that was sent out last week, and I am sure all of you received the information about the adoption of the OSCE budget for this year, so I assume that I can skip the details in the interest of time.

In fact, the best news we received in May was that after many months of discussions, the OSCE Permanent Council in Vienna found a consensus the 2020 Unified Budget - more than five months after the deadline for its adoption had expired.

The budget was adopted, as was the separate budget of the Special Monitoring Mission to Ukraine, but it drew the usual criticism regarding unfulfilled national requests, which are often spelled out in so-called interpretative statements that the national delegations deliver after the adoption of the budget, and, in particular, regarding the continued absence of an agreement on new Scales of Contribution. This issue, which has been discussed again and again, including in this body, will stay with us and fuel tensions between participating States. In this context, France underlined that 17 participating States finance 90 percent of the budget, which they regard as unfair, demonstrating the need for a better distribution

Some other points made in interpretative statements are as follows:

Kazakhstan expressed concerns over the financial implications of the budget in times of economic hardship and reemphasizes the need for the reinforcement of the 2nd dimension.

Russia reiterated its calls for a "better balance" between the dimensions and underlined that it considers a "need to streamline the expenditures in the 3rd dimension (as well as to improve ODIHR's election observation methodology)".

The EU stressed that it saw a need for better management of organizational (Secretariat) costs, pointing out that they contribute up to 60 percent of the budget. They recalled that the Human Dimension is at the heart of OSCE and the necessity to provide sufficient funds for Election Observation missions.

Italy disagrees with certain views regarding the post table, specifically regarding the post of D/OSG- Deputy Head of Secretariat, which indicates a behind-the-scenes bitter struggle between some EU countries about the status of certain high-level posts.

France reiterated its stand that the budget for the field operations is insufficient, a concern shared by the United Kingdom, as well as the savings in the Secretariat. France urged participating States to follow Uzbekistan's example in finding a solution to the taxation of salaries of local staff.

The OSCE budget without the separate budget for the SMM now is at 138.2 million Euros, which means 3.1%, less than the initial 2020 Unified Budget Proposal. It also means that the Zero Nominal Growth policy, which amounts to an annually shrinking budget, is maintained, despite repeated criticism by the OSCE PA. Just as a comparison: At the time when I began in Vienna the budget was over 200 million Euros.

The Zero-nominal growth policy extends to all three autonomous institutions. The Office for Democratic Institutions and Human Rights has a budget of 16 Mio Euros, the High Commissioner on National Minorities of 3,5 Mio Euros, and the Representative on Freedom of the Media of 1,6 Mio Euros.

This means project funding will have to continue to rely on extra-budgetary funds, which have been decreasing and are even more uncertain in times of economic uncertainty.

Now the Pandemic and the freezing of activities have certainly brought about some savings in certain areas, but the expectation that this will result in real savings is treacherous. For instance, the ODIHR had to deploy less EOMs than usually. But in Autumn all those elections that were postponed will take place in parallel to those that were already scheduled. More EOMs in parallel will put an additional strain on human resources, and so will the safety measures that need to be put in place. But I can, of course, not speak for the ODIHR.

There is little hope that the adoption of next year's budget will be any easier, especially, since this will be in the framework of the financial impact of the current economic crisis.

In this context, no consensus has been found on the extension of the most senior positions in the OSCE (Secretary General, ODIHR Director, High Commissioner on National Minorities and Representative on the Freedom of the Media). These positions had been filled three years ago during the Austrian OSCE Chairmanship following an agreement at the informal Ministerial Meeting in Mauerbach as a package, and they will expire on July 18.

Many delegations would have liked to see a smooth extension process, in order to avoid additional complications during the Pandemic. However, Azerbaijan and Tajikistan have formally objected to the extension of Harlem Désir, the current Representative on the Freedom of the Media, thereby “opening the package”, and requesting a vacancy procedure. Tajikistan added objections against the extension of the mandate of Ingibjörg Gísladóttir and, more in general, concerns regarding the regional balance of the leadership of the institutions. Turkey also revealed objections against Désir’s extension. There is also a debate, mainly between Western countries, about the current OSCE Secretary General.

This is where a particularity of the working methods under the Pandemic come into play. Obstacles to in-person negotiations do not make it easier to find consensus on this issue - which would, even under normal circumstances, put a heavy strain on any chairmanship. At 5 pm today, a Preparatory Committee is supposed to deal with the issues.

The reaction of the OSCE to the outbreak of the COVID-19 pandemic went through several phases. For a brief period, there was an almost total standstill in the activities of delegations, followed by the resumption of meetings, including of the Permanent Council (PC) and the Forum for Security Cooperation (FSC), as well as some conferences, such as the Annual Security Review Conference (ASRC) - all of which took place virtually or in a hybrid form with few delegations represented in person and the rest participating virtually. Currently, all meetings take place in the Hofburg in a hybrid format with a reduced number of physical participants. Still, many Heads of Delegations, and, forcibly, persons who do not reside in Vienna, participate remotely. This has led to personal attacks by those who physically attend the meeting in the Hofburg on others that stay away from it.

Decisions based on the consensus-principle have been taken either through the “silence procedure” or in online meetings.

The first social activities are currently being organized, sometimes under blatant disregard for basic safety measures, but the main problem that remains is that the “normal way” in which diplomatic negotiations take place, through person-to-person interaction, is severely obstructed.

Now, for technical reasons, all these meetings are even less personal than those of the PA, because all participants remain muted with cameras turned off, until it is their turn to make a statement. Already in normal times the meetings here are everything but interactive, but at least it is possible to see mimics and gestures and detect some reactions to statements made. Now this is sheer impossible.

My colleagues and I feel that this has made the rhetoric between participating States, especially those that are engaged in conflicts, more aggressive. This is further fueled by actions on the ground, for instance the heavy increase in ceasefire violations in Ukraine, direct attacks on SMM assets and patrols, postponement of the next Normandy Four Summit, continuous “borderization” in Georgia, increased tensions between Azerbaijan and Armenia, as well as some developments in the Western Balkans and the Eastern Mediterranean. The development in Ukraine in particular, where many feel that the Pandemic is abused as an excuse to separate the areas of SMM action into three distinct zones, which cannot be sustained by the mission, is frustrating for many.

Certainly, the lack of traditional in-person diplomacy and the particularities of video-transmitted statements have contributed to this development. There have also been verbal attacks on heads of field presences and deep disagreements over, for instance, the participation of a former NATO official as keynote speaker, or the presence of a NATO Liaison Officer at the FSC meetings. Atmospherically, it accounts for a climate which is even less constructive than usual.

The fact that the OSCE has nevertheless found consensus on a limited number of – mostly routine – decisions does not eliminate concerns that the organization is going through another severe crisis. In fact, one very experienced ambassador told me recently that he expects the organization to die in the near future.

The Albanian Chairmanship has organized an ambassadorial retreat next week, which I will attend. This will hopefully be an opportunity to get a better feeling of where we are heading to.

Extension of the Deployment of OSCE Observers to Two Russian Checkpoints on the Russian-Ukrainian Border (until 30 September 2020) and of the Mandate of the OSCE Project Co-Ordinator In Ukraine (until 31 December 2020), Dates, Agenda and Organizational Modalities of the 2020 Annual Security Review Conference (ASRC), Date of the 2020 Meeting of The Heads of Verification Centers, Agenda, Timetable and Modalities for the Ninth Annual Discussion on the Implementation of The Code of Conduct on Politico-Military Aspects of Security and Second Biennial Meeting To Assess The Implementation of The OSCE Documents on Small Arms and Light Weapons and Stockpiles of Conventional Ammunition.

On a positive note, the OSCE PA's heightened activity, mainly through webinars and online committee meetings, as well as public statements and pronouncements, has been well noted by the OSCE community. There has been a strong interest in these meetings, as expressed by political representatives from capitals and the permanent missions in Vienna, as well as by the attendance of staff from the OSCE Secretariat, Institutions and Field Presences.

From the start of the Pandemic, the PA's Liaison Office has continued to function both by tele-commuting, participation in online-meetings and through physical presence (under specific safety measures) in the office and in the Hofburg. Office staff has also taken the lead in the organization of several PA meetings and webinars. Some of the safety measures taken in the Hofburg and some of the atmospheric developments in the OSCE have also had repercussions on our work. But the staff has performed extremely well, and I would like to express my gratitude to all of them for their dedication.

Thank you for your attention.