



Deutschland 2016

EEF.DEL/38/16/Corr.1
14 September 2016

ENGLISH
Original: GERMAN

24th OSCE Economic and Environmental Forum

**Keynote speech by the Special Representative for the
German OSCE Chairmanship 2016
Dr. Gernot Erler**

14 September 2016
Prague

Foreign Minister Zaorálek,
Colleagues,
Lamberto Zannier,
Dr Yigitgüden,
Excellencies,
Ladies and gentlemen,

Let me welcome you all to this OSCE Economic and Environmental Forum 2016 in Prague and extend my sincere thanks to the Foreign Ministry of the Czech Republic for its hospitality.

Allow me also to express the best wishes of the OSCE Chairperson-in-Office Foreign Minister Frank-Walter Steinmeier who unfortunately can't be here today but is in Kyiv with the French Foreign Minister Jean-Marc Ayrault to continue with our joint efforts to bring a peaceful solution to the crisis in and around Ukraine. Despite considerable fragility particularly in the last few days, the mediation efforts by the OSCE to reaffirm the ceasefire with effect from 1 September have succeeded in bringing some calm. This makes it all the more important that further steps are taken quickly now to help stabilise the situation.

Also here in Prague, ladies and gentlemen, we cannot talk about economic and environmental issues without taking due account of the conflicts that have broken out or flared up again in the OSCE area recently.

That is in part why we met two weeks ago in Potsdam – some of you were there – for an informal meeting of OSCE Foreign Ministers to talk about how we in the OSCE can together tackle the wide range of new challenges that we all face.

The talks in Potsdam of course also focused on the role of the economy.

For some, the current centrifugal forces and conflicts within the OSCE area are in part a consequence of the rivalry between various areas vying for economic influence.

For others, economic integration is not the cause but in fact a potential tool to help resolve these conflicts.

But there is broad agreement that we should again lend greater weight to economic questions in the OSCE to use concrete proposals for cooperation to build trust and create momentum for political solutions.

Many participating States also emphasised the need to strengthen existing rules of the international order, particularly in the economic sphere.

Avoiding conflict through shared and accepted rules and increased cooperation based on these rules to mutual benefit – this is a method that dates back to the CSCE.

And the OSCE has also committed to this vision of a shared area of security, freedom and democracy as well as economic prosperity, particularly in the Charter of Paris.

We should keep hold of this vision.

We should also keep hold of our awareness that the so-called “invisible hand” is not going to make this vision a reality but in fact that the abolition of borders and reduction of obstacles can also create new conflicts and challenges, meaning the process must be addressed politically.

When borders disappear, it can of course also result in losses initially, real or perceived. In 1950, customs and tariffs accounted for 40% of the purchasing price of industrial goods – today only 5% of the cost of international trade is due to customs and tariffs.

When borders disappear, foreign companies can of course become rivals on domestic markets and home-grown companies can head abroad in search of what are seen as better conditions.

When borders disappear, people can of course also come to us in search of protection and better opportunities and livelihoods. And of course taking them in means our society has to be ready to be open and shoulder certain burdens.

Currently we are seeing in many places how great the temptation is to react to these challenges by going back to shutting ourselves off and demarcating borders.

And my impression is that it is above all these attempts to pull up the drawbridge, to go back to thinking inside the box and zero-sum games of winners and losers that can lead to new conflicts but also to considerable drops in prosperity and loss of opportunity. Borders do not create prosperity but in the long term prevent and reduce it.

Given these tensions, ladies and gentlemen, we need to engage more also in the economic dimension of the OSCE in steps which should be just as clear in the other dimensions:

Firstly, building trust in the mutual benefit of cooperation and reaching out to others.

And secondly: stepping up exchange on experience and options as to how we can reach out and use rules to steer such a process.

That is why we, as this year's OSCE Chairmanship, took up the topic of connectivity, a topic that plays an important role in other international fora such as the Asia-European Meeting, ASEAN, the G20 or the Western Balkans summits, and staged a Chairmanship conference in Berlin in May entitled "Connectivity for Commerce and Investment".

In doing so, it was particularly important to us that the private sector have a big say. And we achieved this – more than half of the 900 participants came from the private sector, which has a major interest in greater connectivity in the OSCE area in order to reduce the costs of transnational trade in their products and services.

We should continue this exchange as new input for the OSCE and also actively include business people in the annual Economic and Environmental Forum in the future, as we are doing in Prague this year. That is why I am pleased to see so many people at this Forum who deal with connectivity every day, although they may not use this term. Examples include Western Union and the Global Express Association, the international trade association of the express delivery industry. Your participation will certainly enrich our discussions here in Prague.

The Western Balkans Summit, which last took place in Vienna in 2015 and in Paris earlier this year, is another example of how connectivity can be of benefit to all sides and foster mutual trust in the political sphere. We also addressed practical issues involving connectivity at these summits. Examples include the agreement on regional core transport network corridors signed by the six Western Balkan countries in Brussels in April 2015 and the consensus on joint investment projects involving -power networks and electricity transmission systems.

In these examples, connectivity becomes a scenario that has winners on both sides, a scenario that can help to reduce political tensions when we put the focus on common interests.

Ladies and gentlemen,

In order to achieve greater connectivity and to be able to benefit from the opportunities it affords, however, we also need to create the prerequisites for it in our countries.

To this end, we, the 57 OSCE participating States, decided to focus on the topic of strengthening stability and security through cooperation on good governance in the OSCE's economic and environmental cycle in 2016. Two events have already addressed the topic of good governance in the environmental sector and its key role in promoting a positive investment and business climate, in fighting against corruption, the financing of terrorism and money laundering, and in improving the parameters for labour migration.

How good governance is put into practice by the OSCE can also be seen in the OSCE Secretariat's Handbook of Best Practices at Border Crossings, which was co-published by the OSCE and UNEC – the United Nations Economic Commission for Europe – in 2012. This handbook provides guidance for governments, customs authorities and companies, with the aim of speeding up and simplifying processes at border crossings.

The handbook gives very practical examples of how improved connectivity can have a concrete impact – even minor improvements in processing procedures at borders could save truck drivers and the goods they are transporting half an hour on average. Anyone here who have ever waited at a border will appreciate this. And there is certainly plenty of room for improvement!

Predictability and mutual trust are vital to the success of good governance. We need to be able to rely on the rules that have been agreed and these rules need to be kept. Only in this way does trust develop between the participating States and between government and business. Only in this way do people develop trust in their governments.

This is why we want to make use of an ambassadors meeting after this event here in Prague to discuss a decision on good governance and connectivity at the Ministerial Council meeting in Hamburg on the basis of a paper that has been distributed in advance by the German Chairmanship.

And let there be no doubt that this is not about abstract matters, but rather about very concrete areas where the OSCE can add value.

Most transaction costs arise from the fact that there are different standards and procedures. Simplifying and harmonising procedures brings benefits both to transnational private-sector trade and to society and generates economic growth. And this also helps the fight against corruption as a part of good governance.

We thus believe this is reason enough for an OSCE Ministerial Council decision on topics such as improved transparency, enhancing the business climate, better transport connections and trade facilitation, maintaining standards in the fields of social, environmental and labour affairs, and greater cooperation with the private sector in the fight against corruption, money laundering and the financing of terrorism.

I hope there will be useful talks on this topic in particular today and in the next two days at this forum, and that these talks will be underpinned by a willingness to reach consensus. Strengthening the Second Dimension overall and promoting good governance and connectivity were and are our priorities for the OSCE's Second Dimension.

For 2017, Austria has already announced – and I am very grateful for this decision – that it wants to keep connectivity and good governance as priorities on the agenda as Second Dimension topics. The 57 OSCE participating States have already agreed to this. We particularly welcome the fact that Austria has already started exploring the topic of connectivity in greater detail in various regions during workshops this year and that it will explore this topic further.

The aim is that these topics will continue to have an impact after the German Chairmanship and that they will strengthen dialogue, trust and security. Achieving this in the OSCE should remain our common goal. Thank you very much.