



United States Mission to the OSCE

Opening Statement at the 28th OSCE Economic and Environmental Forum Preparatory Meeting

As prepared for delivery by Lane Darnell Bahl,
Acting Political Counselor
February 17, 2020

Thank you, Ambassador Hasani, and thanks to the Albanian OSCE Chairmanship for focusing the work of the Second Dimension on the fight against corruption. Together with OSCE Coordinator for Economic and Environmental Activities, the Chairmanship steered 2020's Economic and Environmental Forum to take head on one of the most critical security threats across the OSCE region. The United States welcomes an open and vigorous discussion to tackle this pervasive threat.

The U.S. National Security Strategy identifies “the rule of law as the shield that protects the individual from government corruption and abuse of power, allows families to live without fear, and permits markets to thrive.” Organized criminals corrupt and undermine democratic institutions, and the Strategy makes clear the United States will use economic and diplomatic tools – including visa restrictions and sanctions – to target corrupt foreign officials, while working with countries to improve their ability to fight corruption. The Strategy highlights the role of new technologies to reduce corruption and fight transparency, which is also a topic we will discuss this week at the EEF.

The International Monetary Fund reported in 2019 that the world's least corrupt governments collect four more percent of GDP in taxes than those at the same level of economic development with the highest levels of corruption. If all countries reduced corruption, they could gain \$1 trillion in lost tax revenues, or 1.25 percent of global GDP. The IMF reported that corruption is most prevalent in extractive resource industries, especially oil and mining, and among state-owned enterprises. The report also noted that efforts to tackle corruption work. In one example, Georgia launched an aggressive anti-corruption campaign in 2003. In just five years, tax revenue jumped from 12 percent to 25 percent of GDP, even as tax rates fell.

Along with lost tax revenues, the costs of corruption include stunted economic growth and sustained poverty – all threats to security and stability. Corruption undermines democracy and human rights by causing citizens to lose faith in their governments and legal systems; diverts funds from public services; and discourages foreign investment, leading to fewer jobs and individual vulnerability to criminality and violent extremism. Corruption threatens not just the health of the business, civic, and government environments, but also regional security, making this a topic worthy of the OSCE's attention.

The United States supports the OSCE's efforts in fighting corruption with more than just words. In 2019, the United States contributed more than one million dollars to OSCE extra-budgetary projects on this topic. We helped the OSCE partner with Open Government Partnership and the U.S. Institute of Peace to promote good governance across the region, analyze the disposition of corruption court cases, and support peer-to-peer mentoring for justice sector officials in the western Balkans. We also built the capacity of officials to prevent and counter border corruption and begin improving regional cooperation, legislative reform, and official capabilities, across Southeastern Europe to investigate, seize assets, and prosecute organized criminal networks.

Anti-corruption is woven into a large portion of U.S. foreign assistance across all sectors, including economic growth, democratic reform, health and education, and security assistance. While the exact amount of USG funding devoted to combating corruption on an annual basis is difficult to quantify, we estimate that it is somewhere between \$30-50 million per year in the OSCE area, depending on how broad a definition one uses. We partner bilaterally, regionally, and globally, including as a founding member of the Open Government Partnership. We work with countries around the world to fulfill their domestic and international obligations effectively to create a culture of integrity to prevent corruption and mitigate its risks, develop consequences for corruption through laws and law enforcement, support journalists in uncovering corruption, and strengthen civil society and oversight bodies.

In conclusion, we look forward to sharing our experiences, insights, and best practices over the next two days, and in the coming months, in a serious and focused manner that will advance the OSCE's track record in tackling corruption. So, once again, the United States thanks the Albanian Chairmanship and the Coordinator and your teams for your hard work organizing this week's preparatory forum.

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