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Eleventh OSCE Economic Forum on

‘Trafficking in Human Beings, Drugs, Small Arms and Light Weapons: National and International Economic Impact’

20 – 23 May 2003, Prague

Introductory Note:

The purpose of this paper is to present the structure of the Economic Forum and the Chairmanship’s view regarding various issues to be discussed.

Elaborating the central theme: “Trafficking”:

Pursuant to the PC Decisions No. 490, dated 25 July 2002, and No. 538, dated 3 April 2003, the Eleventh Meeting of the Economic Forum will take place in Prague from 20 to 23 May 2003. The overall theme of the Forum will be ‘Trafficking in Human Beings, Drugs, Small Arms and Light Weapons: National and International Economic Impact’.

In general terms the OSCE Economic Forum is considered the main event and one of the main instruments of the OSCE within the Economic and Environmental Dimension. As part of a continuing process within the Second Dimension, the aim of the Forum is twofold:

- To assess the OSCE activities in the economic and environmental dimension and review the implementation of commitments;
- To give guidance to future activities, identify fields of co-operation and formulate recommendations.

The Forum should offer a framework for dialogue between representatives of governments, international, regional and sub-regional organizations, OSCE institutions and field missions, NGO’s, business community and academics. Discussions should generate a clearer picture of the potential role of the OSCE in the economic and environmental dimension, in promoting transparency and good governance, in identifying and addressing security risks, and thus in enhancing its early warning and conflict prevention capacity.

There is broad agreement that the value and the impact of the Economic Forum within the OSCE need to be enhanced, especially through discussion and follow-up activities. To this aim conclusions are brought to the attention of the Permanent Council. The decision to install an Economic and Environmental Subcommittee was taken at the Bucharest Ministerial of 2001. The first meetings took place under the guidance of the Portuguese Chairmanship in 2002. The Subcommittee meetings have proven to be a valuable tool in the continuity of the work in the economic and environmental



dimension. The Netherlands Chairmanship aims to further develop this mechanism as an important tool for the continuity of work in the Economic and Environmental Dimension.

The theme of the Forum – ‘Trafficking in Human Beings, Drugs, Small Arms and Light Weapons: National and International Economic Impact’ – is one of the main issues that pose a serious threat to human security and stability in the OSCE region. Furthermore, it is a theme that is relevant, not only for the Economic and Environmental Dimension of the OSCE, but also for the other dimensions. It is truly an example of a cross-dimensional issue for which a comprehensive approach is necessary.

As part of the preparatory process for the Forum, three seminars took place, one in Sofia on 11 - 12 November 2002, one in Ioannina on 17 – 18 February 2003 and the last one in Tashkent on 17 – 18 March 2003. Each of them covered one of the three sub-themes of the Economic Forum, Small Arms & Light Weapons, Human Beings and Drugs respectively. Also the three seminars all covered the entire OSCE region, since all the countries are affected by all three sub-types of trafficking, be it in various roles as countries of origin, transit or destination, or a combination of these roles.

The seminar in Sofia, Bulgaria, concentrated on the economic aspects and impact of trafficking in small arms and light weapons. The content was complementary with the work of the FSC, in the framework of the OSCE ‘Document on Small Arms and Light Weapons’, to which part of the suggestions were devoted. Participants emphasized the need for the implementation and enforcement of existing agreements. Furthermore, additional information and information-sharing on issues like brokers, production, destruction of surpluses, etc, was needed. The suggestions brought forward in the seminar proved useful, in part to the discussions in FSC and in part as input for the Economic Forum. Furthermore, direct follow-up initiatives could be stimulated, like e.g. the Netherlands – Norwegian initiative on ‘arms brokering’, which will take place in Oslo (22 – 24 April) and will review the role of the brokers in the illegal side of the arms trade.

The second seminar in Ioannina, Greece, focused on the economic aspects and impact of trafficking in human beings. The attention was not just on trafficking in women and children for purposes of sexual exploitation, but also on the growing concern about trafficking in human beings for exploitation in other sectors of industry, like construction, agriculture, etc. Participants welcomed the focus on the economic aspects of trafficking, the push and pull factors behind the trade and the root causes. Valuable input was provided, not just for the Economic Forum, but also for the OSCE Action Plan against Trafficking in Human Beings, which is currently being drafted. Furthermore, the attention for trafficking in certain sectors of industries and the protection of human rights will be a subject for an ODIHR – ILO follow-up conference later this year.

The third and last seminar in Tashkent, Uzbekistan, focused on the economic aspects and impact of trafficking in drugs in the OSCE area, particularly tuning into issues like the effect of trade in heroine, synthetic drugs and precursors, which with differing countries of origin, transit and destination affect



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the entire OSCE area. It was established that more vulnerable OSCE economies are hurt most by the financial and economic consequences of drug trafficking. Also weak institutional structures seem to be more facilitating to drug trafficking activities. The seminar clearly confirmed the notion that in the field of drug trafficking several international organizations are already very well positioned. The role of the OSCE seems therefore to be restricted to reinforcing the efforts of other organizations, either through its role as an organization for building political commitment, or through focusing on the impact of drug trafficking rather than the act of trafficking itself.

Conclusions and suggestions indicated the overlap between the various types of trafficking, either in terms of organized criminal networks, in transportation facilities and routes, in financial terms, and definitely in a mutually reinforcing and undermining effect on the countries' economies and institutional structures. One of the elements that was brought up in the discussions, was that relatively little is known about the overlap. This is in line with the Chairmanship's observation that both from an analytical point of view, as well as from a policy approach in the various countries, the different types of trafficking are often considered as completely separate phenomena. Different circles of policy makers, different laws and regulations and, unfortunately, not enough sharing of information, ideas and experiences within and between countries make the approach to combat trafficking less effective.

The conclusions and suggestions of the three preparatory seminars provide the input for the preparations of the Economic Forum. Part of the suggestions have a clear economic focus. Others seem to be more directed towards recommendations in the law enforcement sphere. Since the Economic Forum is primarily focused on economic issues related to trafficking, the Chairmanship suggests tuning into the economic issues. More specifically to tune into the role of companies and governments in combating trafficking activities.

The Economic Forum aims to achieve concrete results for the joint combat against the three identified types of trafficking. The focus of the Forum will primarily be on the joint aspects and overlap between the various trafficking commodities from an economic point of view. From the perspective of the joint overlap issues will be addressed, such as:

- A. Anti-Trafficking and the role of the business community – How to keep the negative economic effects of trafficking out of legal business?
- B. Anti-Trafficking and the role of governments – What policy measures are needed to reduce the harmful effects of trafficking on economies and human security?
- C. Anti-Trafficking and the OSCE, the impact of the cross-dimensionality and the impact for the OSCE agenda.

The Economic Forum will be structured in three working groups, each one dealing with parts of the issues as mentioned. For the themes of each working group the Chairmanship will request experts in the field to prepare discussion papers, based on the suggestions of the three preparatory seminars.



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The papers could provide a basis for the discussions. These papers will be distributed well in advance of the Economic Forum to the OSCE participating States.

Furthermore, all the OSCE participating States will equally be invited to prepare papers for distribution in advance, based on a proposed template as annexed. For Working Group C also the various institutions of the OSCE organization are invited to prepare contributions. During the working groups sessions one speaker will be requested to present an analysis of the content of the various country papers (and the contributions from the OSCE institutions) on the specific subject of that working group. It is anticipated that the main focus of the working group sessions should be on the discussion based on the various available papers and the two presentations (one by an expert and one by the person summarizing the country reports (and possible contributions from OSCE institutions). Room for prepared statements during the Forum will be limited, as it is the Chairmanship's intention to stimulate substantive interaction and discussion.

Many valuable suggestions were presented at the preparatory seminars, which were primarily focused on one of the three specific trafficking types, and not primarily on the overlap between the various trafficking commodities. These suggestions will be carried forward in other discussions, primarily in the discussions of the OSCE Action Plan for Human Trafficking, the FSC and the co-operation with many other international organizations.

Several international organizations have shared valuable contributions to the preparatory process of the Economic Forum. They too over the years have developed expertise, instruments and activities to combat trafficking. This experience and the expertise will be taken into consideration while preparing the Economic Forum. Furthermore, within the OSCE institutions, valuable reports, papers and experience are gathered on the various subjects of the Forum which will equally prove valuable in the process.

Review of commitments:

In the past years the review of the implementation of commitments made by the OSCE participating States in the Economic and Environmental Dimension of the OSCE has been a part of the agenda of the annual Economic Forum. The basis for the review exercise has so far primarily been the Helsinki Final Act (1975), the Concluding Document of the Conference on Economic Co-operation in Europe (Bonn, 1990), as well as various declarations.

In the Porto Ministerial Decision no. 5 (7 December 2002), in which the Permanent Council of the OSCE was tasked to develop a new OSCE Strategy Document in the Economic and Environmental Dimension, it was stated "That the document should recommend ways to improve the review of implementation of commitments, which takes place annually in the framework of the Economic Forum in Prague, building as much as possible on the positive experience and achievements of the OSCE and other international organizations and institutions." The discussion for the improvement of the system of review is currently taking place in the framework of the Economic Subcommittee in Vienna and in its Group of Friends of the New Strategy Document.



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Given the fact that the discussion on a new setup of the review for future occasions is taking place and will lead to conclusions in the framework of the New Strategy Document, given the fact that the review exercise based on the Helsinki and Bonn Documents encompasses a very broad spectrum of subjects, which although very valuable in their time, currently to a large extent seem to be overhauled by history, the Chairmanship's proposal would be to base the review exercise for this year's Economic Forum on certain issues which are essential elements of the economic and environmental threats currently undermining human security and stability in the OSCE region.

In this respect, the Istanbul Charter (1999) offers valuable input to the review process. The relevant paragraphs (31 – 33) indicate a variety of subjects relevant to modern day economic security issues:

- the promotion of integration of economies in transition into the world economy as an element of conflict prevention and early warning strategies (art. 31);
- the OSCE as an important partner and catalyst for co-operation between key international organizations and institutions in the economic and environmental areas (art. 32);
- the rule of law and fight against corruption (art. 33).

Further study into the commitments of OSCE States in these fields can offer valuable input both in the discussion on the New Strategy Document, as well as for the discussion to determine the OSCE role in the economic and environmental field. The review exercise could entail a further examination of areas where more progress needs to be made, identify new threats of conflict from the economic and environmental angle and propose new measures and policies for OSCE participating States to address new threats to stability.

The Chairmanship will request the UN-ECE to provide a background document for the discussion on the review of commitments based on the before-mentioned guidelines. Input from other international organizations, and e.g. from the European Commission and the EBRD, is welcomed.

Apart from the Review of commitments a special session is suggested to discuss the progress on the development of the New Strategy Document in the Economic and Environmental Dimension.

Side event:

Environmental security:

The Office of the Coordinator for Economic and Environmental Activities actively participates in the joint OSCE, UNDP and UNEP initiative on Environment and Security in Southeast Europe and Central Asia. The initiative was launched in September 2002 and has so far resulted in two regional environmental security assessments, for the Balkan region and for the Central Asian region. The assessments include mapping out in graphic form selected environmental concerns with potential security implications in both regions. The environmental security assessments will be a subject on the agenda of the Ministerial Conference on 'Environment for Europe', which is scheduled to take place

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in Kiev on 21 and 22 May 2003. The presentation of the regional assessments will be simultaneously available in Prague as well by video conferencing.

Annex 1: Themes and sub-themes for the Working Groups on Trafficking:**Working Group A – Anti-Trafficking and the role of the business community – How to keep the negative economic effects of trafficking out of legal business?**

Trafficking of human beings, drugs and small arms & light weapons seriously effects economies of the OSCE. Furthermore it effects international economic relations, since the major part of trafficking activities are Trans-border. The outcome of the preparatory seminars showed that the effects are diverse. From a human perspective, all trafficking types create difficulties in terms of human deprivation, serious problems with health care issues, loss of human capital en productivity.

From a more economic perspective, sound economic policy is negatively influenced by the presence of a large gray economy, negative effects on investment climates, presence of corruptive practices and money laundering. The role of the private sector was addressed, in some cases as facilitator of the illegal trade and transport of commodities and financial means, and in other cases as powerless spectators. Business communities are affected and the development of sound economic systems risk being undermined. Transportation companies are involved as a means of transporting weapons, humans and drugs. Brokers and traders are involved, most of which are involved in legal business, but might be tempted or forced to ‘traffic’ on the side. Travel agents or job agencies can be involved in the trafficking of humans. Legal business operations can be infiltrated by exploiters of human labor. The banking sector or ‘entertainment industries’ can get involved in the laundering of trafficking profits. And overall business is effective by the negative side effects like corruption, loss of productivity and increased crime rates.

The importance of a joint approach is evident. To avoid general discussions and a repetition of the debates in the preparatory seminars, participants in the Economic Forum could focus on identified issues under the general theme of the working group.

- To what extent have ‘trafficking’ operations infiltrated legal economic activities of companies?
- How can enterprises protect themselves from the negative impact of trafficking in small arms & light weapons, human beings and drugs?
- What does the business sector need from their governments to be sufficiently protected against the negative impact of trafficking?
- How can international exchange of information on trafficking issues and related criminal offences be improved?
- How can guidelines be created for the business community (bank sector, transportation industry, industries where human exploitation is a risk, etc)?
- Can effective measures be established to counterbalance the effects on economic and industrial development caused by trafficking?



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Working Group B – Anti-Trafficking and the role of governments – What policy measures are needed to reduce the harmful effects of trafficking on economies and human security?

International focus to combat trafficking has increased in recent years. The work in the framework of the UN Convention on organized crime and its protocols has been a major stepping stone in the discussion on how to combat international organized crime and trafficking in various commodities as well as in human beings. But also in the framework of other international organizations important policy frameworks have been set out.

Despite the efforts to translate international agreements and guidelines into national policies, and despite the many efforts to translate national laws and legislation into concrete know-how, training and awareness of the public, the combat as yet appears still insufficient. Results from the preparatory process of the Economic Forum show that part of trafficking activities are related to organized criminal networks, but part of the spectrum is controlled by smaller, ad-hoc coalitions of criminal individuals. Which poses important questions: How far are they ahead? And how can OSCE participating States be more effective in their policy to combat trafficking? And perhaps more specifically: how can OSCE participating States be more effective in their policy to reduce the negative effects on the economies and industries that are the result of trafficking activities?

Internationally the focus of anti-trafficking policies is primarily directed towards on the one hand law-enforcement issues and on the other hand the protection of victims of trafficking. Given the economic nature of this forum, the questions at hand in this working group will be addressed from an economic perspective. Issues that can be dealt with are the responses of governments to the increase in trafficking activities to counteract the negative economic effects, the ways in which governments can assist the private sector in avoiding involvement in trafficking activities, the possible policy responses to avoid trafficking proceedings being laundered or invested in the legal economy, the counterbalancing of the negative effects on human capital and security, etc.

From this economic angle the discussion will be structured along the lines of the following issues:

- How can anti-trafficking policies and their implementation be made more effective?
- Do anti-trafficking policies provide sufficient solutions to combat overlapping issues in the economic sphere (e.g. anti-money-laundering, anti-corruption measures, etc)?
- To what extent can policies to combat organized crime be supplemented with specific anti-trafficking measures?
- How can governments assist the business community in reducing the harmful effects of trafficking?

Working Group C – Anti Trafficking and the OSCE Organization



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Trafficking touches all dimensions of the OSCE organization. Trafficking in small arms and light weapons is traditionally a focus of the FSC, who with the assistance of the CPC assists many participating States to implement the obligations set out in the OSCE Document on Small Arms and Light Weapons. Trafficking in human beings was in first instance dealt with from the perspective of human security, the protection of human rights of the victims, primarily via ODIHR. More recently it was established that also other issues, like support to and the role of law enforcement agencies (Police Unit) and the economic empowerment of vulnerable groups (OCEEA) could be part of the OSCE agenda. Trafficking in drugs has primarily been dealt with through earlier activities of the CPC with the specialized UN agencies. Following the results of the Tashkent seminar, additional activities in the framework of OSCE, e.g. in the field of awareness raising to the public or the further reduction of negative effects to economic institutions could be taken up.

Furthermore, trafficking is an issue for all the participating States, who in one way or another are either or both countries of origin, transit or destination of the various trafficking commodities. Also this creates specific needs for flexibility within the OSCE organization.

The multidimensionality of the theme of trafficking has consequences for the agenda of the OSCE. Coordination is needed between the various institutions and field offices. The role of the OCEEA in this respect also needs further underlining. Furthermore a clear perspective of the OSCE role in combating trafficking is needed, vis-à-vis other international organizations.

Also in this working group the primary focus will be on:

- What can be the role of the OSCE in anti-trafficking:
 - As a forum for international consultation between participating States and international organizations;
 - As an organization for building political commitment;
 - From the perspective of activities of the various OSCE institutions;
- Discussing to what extent the economic aspects of trafficking and the possible role of the OSCE / OCEEA in contributing to a reduction of the negative effects of trafficking on OSCE economies and citizens, are overlapping or inter-linked to other anti-trafficking activities within the OSCE;