

25th ECONOMIC AND ENVIRONMENTAL FORUM

“Greening the economy and building partnerships”

FIRST PREPARATORY MEETING

Vienna, 23-24 January 2017

CONSOLIDATED SUMMARY

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LIST OF ABBREVIATIONS

ACN	Anti-Corruption Network for Eastern Europe and Central Asia
BMSC	Border Management Staff College
CIS	Commonwealth of Independent States
DG	Directorate-General
EAEU	Eurasian Economic Union
EEA	European Economic Area
EEC	Economic and Environmental Committee
EEDIM	Economic and Environmental Dimension Implementation Meeting
EEF	Economic and Environmental Forum
EFTA	European Free Trade Association
EU	European Union
FTA	Free Trade Association
IDPs	internally displaced people
IIASA	International Institute for Applied Systems Analysis
ILO	International Labour Organization
MC	Ministerial Council
NGO	Non-governmental organization
OCEEA	Office of the Co-ordinator of OSCE Economic and Environmental Activities
OECD	Organisation for Economic Co-operation and Development
OMIK	OSCE Mission in Kosovo
PA	OSCE Parliamentary Assembly
RYCO	Regional Youth Cooperation Office of the Western Balkans
SDG	Sustainable Development Goal
SME	Small and medium-sized enterprise
UNDP	United Nations Development Programme

UNECE	United Nations Economic Commission for Europe
UNICEF	United Nations International Children's Emergency Fund
UNIDO	United Nations Industrial Development Organization
VERLT	Violent Extremism and Radicalization that Lead to Terrorism
VET	Vocational education and training
WCO	World Customs Organization
WTO	World Trade Organization

EXECUTIVE SUMMARY

The First Preparatory Meeting of the 25th OSCE Economic and Environmental Forum (EEF) on “Good Governance, Business Partnerships and Economic Participation” took place in Vienna on 23-24 January 2017. During the two-day-meeting, the following thematic topics were addressed:

- Good Governance and Corruption Prevention
- Building Economic Partnerships in the OSCE area
- Economic Participation for Strengthening Security

More than 220 participants, including official representatives of OSCE participating States, OSCE Field Operations, Institutions and Partners for Co-operation as well as experts from international, regional and non-governmental organizations (NGOs), the business community and academia attended the Forum and engaged in constructive discussions throughout the Sessions and the Working Groups. Conclusions were drawn upon the deliberation of the Working Groups.

The meeting elaborated on how the fight against corruption could contribute to economic development. The participants recognized that corruption posed a significant threat to security and stability. It has been emphasized that a participatory approach among governments, civil society, the business community, and academia was needed to effectively fight corruption. It was pointed out that good governance required the adoption of comprehensive and long-term strategies aimed at creating national frameworks of economic policies, institutions and legislation, including transparency in the budget procedures and fair public procurement systems, in which business can thrive and the confidence of investors can grow. Moreover, the significance of the preventive measures in the fight against corruption was emphasized. The need of enhancing co-ordination among relevant structures and stakeholders, as well as strengthening private-public partnerships in the fight against corruption was discussed. The participants noted that the OSCE was well placed for the prevention and combating of corruption and stressed the role of the OSCE, including its Field Operations, in promoting good governance.

The discussions also underlined that promotion of sustainable economic and trade partnerships between participating States could contribute to rebuilding trust and confidence, thereby strengthening stability and security in the OSCE region. Several participants of the meeting emphasized the need of a closer co-operation between the European Union (EU) and the Eurasian Economic Union (EAU). Political will is imperative to develop trade and economic relations between states. It was recommended to use the existing OSCE instruments, such as the Field Operations, the Border Management Staff College in Dushanbe (BMSC) and the Handbook on Trade and Transport published by the Office of the Coordinator of OSCE Economic and Environmental Activities (OCEEA). Furthermore, the harmonization of norms and the implementation of the Ministerial Council Decision No. 4/16 on Good Governance and Connectivity (MC Decision No. 4/16) were specifically noted as important measures. The participants concluded that connectivity and infrastructure could encourage communication and trade among various OSCE regions. Moreover, the role of the private sector in this regard was underscored.

Finally, the participants elaborated on ways of supporting and creating new jobs and strengthening security by enhancing economic participation. Topics, such as the participation

of youth, women and entrepreneurship, as well as gender issues were also addressed. The participants emphasized the importance of facilitation of education and capacity building to tackle youth unemployment and stressed that special attention should be paid to the needs of migrants and their integration. In particular, it was recommended that the OSCE could support economic and social reforms to improve labour market governance and economic participation by acting as a platform, sharing knowledge and best-practices. The OSCE could also act as a facilitator to other economic actors to provide advice and guidance to improve a country's policies. Furthermore, the OSCE was seen instrumental in supporting a favourable business environment by promoting social and economic reforms, fighting corruption, promoting democratization, and supporting community programmes. As for the topic of women and entrepreneurship, the need to pay attention to gender issues was underscored. The need for closer collaboration between OSCE Field Operations, municipalities and civil society organizations was particularly stressed. Support to the development of gender-sensitive labour policies was considered as another important element. The need to analyze the root causes of radicalization, with specific country analysis, was highlighted. In conclusion, the importance of a comprehensive approach and intense co-operation among governments, international organizations and civil society was stressed.

Opening Session

Welcoming remarks:

- **Ambassador Michael Linhart**, Deputy Minister, Federal Ministry for Europe, Integration and Foreign Affairs, Austria
- **Ambassador Lamberto Zannier**, OSCE Secretary General
- **Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

Keynote speeches:

- **Dr. Hans Jörg Schelling**, Federal Minister of Finance, Austria
- **Ms. Tatiana Valovaya**, Member of the Board (Minister) for Integration and Macroeconomics, Eurasian Economic Commission

Moderator: Ambassador Clemens Koja, Chairperson of the OSCE Permanent Council, Permanent Representative of Austria to the OSCE, 2017 OSCE Austrian Chairmanship

Rapporteur: Ms. Sophie Surinder, Adviser, Economic and Environmental Dimension, Permanent Mission of Austria to the OSCE, 2017 OSCE Austrian Chairmanship

Ambassador Clemens Koja, Chairperson of the OSCE Permanent Council, Permanent Representative of Austria to the OSCE, 2017 OSCE Austrian Chairmanship, welcomed to the First Preparatory Meeting of the 25th OSCE EEF under the Austrian OSCE Chairmanship, dedicated to the topic of “Greening the Economy and Building Partnerships for Security”.

Mr. Michael Linhart, Secretary General of the Federal Ministry for Europe, Integration and Foreign Affairs, Austria, highlighted that in the most severe security crisis in Europe since the end of the Cold War, mutual engagement and open dialogue are crucial. The promotion of sustainable economies and trade relations between participating States (pS) could contribute to rebuilding trust and confidence, which therefore strengthens stability and security in the OSCE area. He put emphasis on the four main priorities of the Chairmanship in the Second Dimension, and highlighted the importance of the inclusion of women and the continuation of discussions related to the MC Decision No. 4/16. Mr. Linhart, then, further explained the aim of the upcoming Sessions of the Preparatory Meeting.

H.E. Lamberto Zannier, OSCE Secretary General, highlighted that a more inclusive and cooperative approach within the OSCE region can be achieved through embracing the Sustainable Development Goals (SDGs), through the participation of local societies and women, through multi-stakeholder co-operation, more transparent lobbying, public access to environmental information, which is carried out by the Aarhus Centers, and through the continuation of the MC Decision No. 4/16, which is based on integrity and mutual respect. He stated that sustainable development could not be achieved without environmental efforts

and that the Second Preparatory Meeting would have a focus on environmental activities within the OSCE. He mentioned the OSCE Security Day on “Smart Cities”, which would take place in Vienna on 31 March 2017 in co-operation with the Mayor of Vienna.

Dr. Halil Yurdakul Yigitgüden, Co-ordinator of OSCE Economic and Environmental Activities, emphasized the aim of finding better solutions for good governance, corruption prevention and civil unrest, which all posed a security challenge. He presented previous successful OCEEA activities on anti-money laundering, transportation, trade facilitation and addressing unemployment.

Dr. Hans Jörg Schelling, Federal Minister of Finance, Austria, pointed out that security, economy, and peace were not independent from each other. In periods of uncertainty, with crises within the EU, referring to financial, migration and global crises, politicians need to bring people back to certainty. Especially the migration crisis is affecting the economy, security and borders control. In times of security crises it is important to build partnerships and build trust in international organizations and regional organizations. This is the reason why a new vision of economic partnership is needed from Vancouver to Vladivostok, including the USA, Canada, the EU and all countries east of the EU, including Russia and Central Asia. Dr. Schelling underlined that free trade was a key factor to economic growth and for business in the OSCE region. The EU can be seen as a best practice for the creation of a customs union and a single market, and for overcoming regulatory and non-tariff barriers. Free trade needs regulations but also room to maneuver. The EU represents historic achievement, which also serves as a blueprint for the EAEU. The EU itself is an advocate of regional economic integration. There is financial co-operation with the World Bank, the International Bank for Reconstruction and Development and the World Trade Organization (WTO). The speaker highlighted the importance of a closer collaboration between the EAEU and the EU. Among practical steps in this direction harmonization of technical standards and simplification of customs procedures were mentioned. Partnership and co-operation, especially with the Balkans, Central Asia and other OSCE participating States, was highlighted. This brings the vision of a common economic and also environmental space closer.

Ms. Tatiana Valovaya, Member of the Board (Minister) for Integration and Macroeconomics, Eurasian Economic Commission, underlined that the focus of the Eurasian Economic Commission is on two issues, namely on stimulating the Customs Union and single market and on establishing economic ties with countries outside of the Economic Union. The EAEU is actively discussing measures in economic governance. Laws and rights are not based on every single national law, but on new rules based on best practice cases, i.e. the EAEU customs code is based on Kazakh legislation. Technical regulations are guided by international best practices, with special attention paid to EU practices. Safety of standards helps businesses to modernize production as to achieve a green economy. The EAEU is considering establishing a common pharmaceutical market. Another aim of the EAEU is ensuring that businesses can operate without discrimination, that intellectual property rights are respected in order to ensure that businesses can be carried out on a competitive basis. Enhancing the business climate and combatting corruption by creating transparent communication between the Union and business stakeholders, and analyzing comments and feedback, that the Union gets, is another aim in order to improve the EAEU. Further, the EAEU has improved the economic ranking of its member states. Close co-operation and regional integration leads to such good results. There has been a report on interconnectivity within the Union that demonstrated that the higher integration the higher is the sustainable

development. EAEU is active on international level, by establishing free trade areas, i.e. with Vietnam and co-operation with the UN institutions. During 2016 Kazakhstan held the Chairmanship by formalizing co-operation with states in Latin America and South East Asia. EAEU is also discussing economic co-operation with China on the Silk Road Initiative. Ms. Valovaya stressed the importance of building a unified economic area in the OSCE region. EAEU is prepared to contribute and is looking forward to creating dialogue between the EU and EAEU. She is certain that the Eurasian Economic Union could fruitfully co-operate with the EU. Discussing co-operation between the EAEU and the EU is a real possibility for the Second Dimension of the OSCE. Co-operation is possible in the area of trade, energy and infrastructure. Ms. Valovaya also mentioned the EXPO 2017 ‘Future Energy’ in Astana in June 2017, where the EAEU will be actively involved.

The floor was opened for discussion.

The representative of the European Union highlighted that combatting corruption remained a priority for the EU. When creating economic partnerships, confidence building in conflict regions is necessary, continuing the Connectivity agenda that found consensus at the MC Decision No. 4/16, as well as economic participation are all crucial steps for security and development. Furthermore, women’s economic empowerment and independence, including the promotion of women’s entrepreneurship, remain critical as it warrants further efforts.

The representative of Azerbaijan stated that good governance, business integrity, preventing radicalization and women empowerment lead to stronger economies. Improving infrastructure, good transportation links and multi-model transport also lead to economic growth.

The representative of the Russian Federation welcomed that the First Preparatory Meeting will provide practical results on already existing obligations. Good governance is important to lower poverty as well as to increase social integration. The fight against corruption is also a priority of the Russian Federation and it is useful to continue a dialogue on these issues. Regarding the MC Decision No. 4/16, it was stated that economic globalization leads to greater interdependence. Therefore it is crucial to strengthen economic and trade co-operation and to create a business friendly climate. There is a pressing need to build synergies with the aim to create a common economic area in the OSCE region. The Russian Federation will provide experts and will invite to discuss economic partnerships in order to contribute to harmonization. OSCE’s added value is a suitable platform where dialogue can be created.

The representative of Switzerland welcomed the new format of Working Groups, which would allow for better and more flexible discussions. He stressed the importance of preventive measures in countering corruption. Taking the MC Decision No. 4/16 forward and economic confidence building are essential objectives within the Second Dimension. In this regard, trade facilitation is an important measure to building confidence.

The representative of Georgia underlined the importance of public investment to foster connectivity, which includes hard and soft infrastructure. Sustainable development cannot be achieved without employment where there is no ethnic discrimination.

The representative of Belarus underlined the importance of the MC Decision No. 4/16 and the work in the Second Dimension in order to overcome economic fragmentation. Belarus supports a fair, predictable and reliable global economic architecture that reflects the

economic interest of all participating States, and supports the OSCE's Second Dimension as a platform where disagreements can be discussed. Belarus is interested in increased economic co-operation and is prepared to actively share knowledge and experiences.

The representative of Armenia stated that good governance required wide co-operation. OSCE should involve experts, who work on the MC Decision No. 4/16, so that the objectives of the Decision can be further continued and confidence across the OSCE region can be built.

The representative of Uzbekistan stated that due to environmental changes and in order to improve the economic climate, renewable energy sources are a priority of Uzbekistan. Modern mechanisms and reforms need to take place, while the interest of enterprises is reflected in laws. The possibility of identifying corruption should be reflected in the law. Further, fundamental reforms on waste management, recycling and processing, soil degradation, with the implementation of the latest technology, are needed in order to prevent pollution. Another aim is to mitigate the drying out of the Aral Sea.

The representative of the United States of America stated that the US supported the Chairmanship's priorities on environmental security, energy security and good governance. He highlighted the need to further involve Field Operations. Another priority is the greater inclusivity of young people and women and the continuation of the MC Decision No. 4/16. The representative expressed the appreciation of the Chairmanship's commitment to address human trafficking and global supply chains. The US supports anti-corruption initiatives, business and economic participation, as well as a stronger co-operation with Central Asia and the Silk Road Initiative.

The representative of Kazakhstan reaffirmed full support on all Austrian Chairmanship priorities and reminded that the Astana 2010 Declaration Towards a Security Community was inspired and modeled after the framework of the EU. He encouraged the audience to participate in the Second Preparatory Meeting, which will take place in Astana.

The representative of the Ukraine stated that the Ukraine actively supported the Chairmanship on economic issues. The environmental impact of conflicts is important in the Ukraine especially in the east of the country. It was also stressed that, according to the Astana Declaration, co-operation in the economic area must entail respect of key principles of the OSCE, before economic partnerships can be discussed.

Session I: Good Governance and Corruption Prevention

Moderator: Ambassador Olga Algayerová, Permanent Representative of the Slovak Republic to the International Organizations in Vienna

Rapporteur: Mr. Kurban Babayev, Associate Anti-Corruption Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Speakers:

- Ambassador Bernd Borchardt, Head of OSCE Presence in Albania
- Mr. Aliaksandr Lashyn, Deputy Prosecutor General, Republic of Belarus
- Prof. Ermelinda Meksi, Deputy Co-ordinator/Head, Economic Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities
- Ms. Kari Aina Eik, Secretary General, Organization for International Economic Relations, Austria

The Moderator; Ambassador Olga Algayerová, Permanent Representative of the Slovak Republic to the International Organizations in Vienna, highlighted the importance of good governance at all levels, since it contributes to prosperity, stability and security. She stressed that corruption remains a big challenge in a number of OSCE participating States, harming economic growth and development and deteriorating public trust in institutions. It is also often linked to other forms of serious crimes, such as money laundering, organized crimes, and trafficking in human beings and drugs. By adopting a number of MC Decisions on Strengthening Good Governance and Combating Corruption, Money-Laundering and the Financing of Terrorism, participating States had proved that combating corruption is an issue of common interest, where consensus to combat corruption and money laundering at all levels - international, national and local – can be built upon.

Ambassador Bernd Borchardt, Head of OSCE Presence in Albania, focused on the situation in Albania in regard to the fight against corruption and significant efforts undertaken by the government of Albania to address the issue of corruption in the country, including recent reforms in the judiciary and justice system, a newly adopted whistle-blower protection law, new procurement regulations and tools, and one-stop shops for registering businesses. He also provided a short overview of anti-corruption projects and activities, which had been implemented by the Mission, and focused on diminishing the causes of corruption by supporting activities on prevention, education and awareness-raising, to ensure public officials' integrity and transparent public administration.

Mr. Aliaksandr Lashyn, Deputy Prosecutor General, Republic of Belarus, briefed on the situation in Belarus in the field of combating and preventing corruption. Fighting corruption has been one of the most important priorities for Belarus since achieving independence. The national security framework of Belarus recognizes corruption as a serious threat to security and tasks all national bodies to make efforts to effectively counter this phenomenon. Belarus has a very balanced and well-designed system to combat corruption, which allows Belarus to

move up in different anti-corruption rankings each year. According to some international experts, Belarus has one of the best anti-corruption legal frameworks in the world. The Office of the Prosecutor General of Belarus is responsible for managing the fight against corruption and for co-ordinating activities with all government organizations as well as civil society organizations. The new anti-corruption legislation, which had come into force in January 2016, has some innovations which are focused on corruption prevention and aimed at minimizing the attractiveness of corrupt practices and removing the underlying causes for corrupt behavior. Specifically, there is a ban for civil service employment on those who have previously committed some serious offenses in the workplace, introduction of public control and oversight and few other innovations which help to prevent corruption in Belarus.

Prof. Ermelinda Meksi, Deputy Co-ordinator/Head, Economic Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities, emphasized the important role of international co-operation and public-private partnerships in the fight against corruption. She noted that access to information, legislation, transparency of budgets and procedures, public hearings on policy and legislation, and strong whistle-blower protection in both the public and private sectors are ways to enable citizens and other stakeholders to take charge and contribute to improving good governance. Prof. Meksi underlined that a transparent and fair public procurement system is perhaps the most visible measure of a government's public accountability. The hardest task in combating corruption is to redesign the entire matrix of social behavior, so that corruption becomes not only illegal but immoral and unethical. Given the role of the young population, anti-corruption education and awareness-raising should be considered an important aspect in the OSCE region. Prof. Meksi noted that achieving good governance and winning the fight against corruption require the adoption of a comprehensive and long-term strategy and subsequent regulations, including a national framework of economic policies, institutions and legislation, in which business can thrive and the confidence of investors can grow. She said that the OSCE was ready to assist participating States in developing effective good governance and corruption prevention policies and regulations since it is essential to ensure positive economic development.

Ms. Kari Aina Eik, Secretary General, Organization for International Economic Relations, Austria, focused on improving the business and investment climate and implementing the Sustainable Development Goals (SDGs). Ms. Eik underlined that enhanced investments will require collaboration between all who contribute to and benefit from economic growth and development. The governments are responsible for leading the way, at the same time, the private sector will be indispensable in achieving the SDGs. The current situation requires strong support, both at governmental and local levels, to bridge the gap between private and public sectors in order to enhance direct investments. In order to improve the business climate and to empower the private sector, the government needs to remove unnecessary government interference, excessive taxes and regulations, bureaucratic hindrances, corruption, and to provide its support to the private sector through institutional back-up, skills development, financial start-up, eco-system support, guidance, information, data and linkages, temporary protection and incentives.

The floor was opened for discussion.

A Representative of the Project Co-ordinator in Ukraine briefed on the assistance given by the OSCE to Ukraine in the field of anti-money laundering and anti-corruption by providing a platform for dialogue, exchanging best practices and organizing technical trainings aimed at enhancing capacities of relevant state authorities.

The Delegation of the Russian Federation informed that on 3 July 2016 the penal code of the Russian Federation had been amended to enhance anti-corruption measures. She also noted increased participation of the public and business community in the fight against corruption. It was proposed to co-ordinate international standards in the field of combating corruption, to create minimal procedural standards and to support other integrational projects in the OSCE area.

The Delegation of Azerbaijan stated that applying principles of good governance in the private sector is as important as it is in the public sector. Businesses should act with diligence at all times to avoid the infringement of the rights of citizens.

The Delegation of Ukraine noted, with reference to the inputs by the Representative of the Project Co-ordinator in Ukraine, that corruption had been inherited from the Soviet past. There were major improvements in the field of anti-corruption. He also mentioned the creation of the National Anti-Corruption Bureau, a new e-procurement system and a new anti-corruption legislation framework among recent achievements.

The Delegation of Kazakhstan underlined that Kazakhstan had developed a new comprehensive anti-corruption strategy with a focus on preventing underlying causes of corruption. Recently, the country had moved up in anti-corruption ratings. Kazakhstan would continue its co-operation with the OSCE, OECD ACN, and other international organizations in the field of combating corruption and corruption prevention.

Session II: Building Economic Partnerships in the OSCE area

Moderator: Ambassador Véronique Roger-Lacan, Permanent Representative of France to the OSCE

Rapporteur: Ms. Zukhra Bektepova, Economic Affairs Officer, Office of the Coordinator of OSCE Economic and Environmental Activities

Speakers:

- **Mr. Thomas Lenk**, Head of OSCE and Council of Europe Division, Federal Foreign Office, Germany
- **Dr. Anastasia Stepanova**, Research Scholar, International Institute for Applied Systems Analysis
- **Mr. Petros Sournelis**, Head of Unit, Directorate E, Unit E2, Russia, CIS, Ukraine, Western Balkans, EFTA, EEA and Turkey, DG Trade, European Commission
- **Ambassador Martin Sajdik**, Special Representative of the OSCE Chairperson-in-Office in Ukraine and in the Trilateral Contact Group on the implementation of the peace plan in the East of Ukraine
- **Mr. Mykhailo Nepran**, First Vice-President, Ukrainian Chamber of Commerce and Industry, Ukraine
- **Dr. Hannes Swoboda**, President, Vienna Institute for International Economic Studies, Austria
- **Ambassador Florian Raunig**, Head of the Task Force for the 2017 Austrian OSCE Chairmanship

Mr. Thomas Lenk, Head of OSCE and Council of Europe Division, Federal Foreign Office, stressed that enhanced economic co-operation and partnerships among the OSCE participating States can significantly contribute to the well-being of citizens and trust-building and thus promote confidence and security in the OSCE area. He noted that the MC Decision No. 4/16 is an effective basis to enhance transparency and improve the business climate, expand co-operation on transport and trade facilitation, ensure adherence to labour, social, and environmental standards, and strengthen public-private partnerships in the fight against corruption, money laundering, and the financing of terrorism. He underlined a significant role of connectivity, which is a key driver for economic development and could create economic opportunities and contribute to political confidence-building, bringing back trust, stability and security. The speaker also mentioned Germany's G20 Presidency 2017 under the motto "Shaping an interconnected world", which will be focused on realizing of the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change, and strengthening the benefits of interconnectedness. He stressed the importance of the co-operation in the area of transportation, customs, and infrastructure with China, Central Asia, the CIS and the EU.

Dr. Anastasia Stepanova, Research Scholar, International Institute for Applied Systems Analysis (IIASA), presented the IIASA project «Challenges and Opportunities of Economic

Integration within a Wider European and Eurasian Space», aimed at discussing and analysing the economic co-operation between the EU, the EAEU, and their neighbours, including China, Korea, Japan, and USA. She noted that the idea to design the project was motivated by the ambition to (re)establish a deep economic co-operation. The speaker elaborated on the activities organized in the framework of the project in order to discuss and share views on possible methodologies for modelling trade-related issues, trade policies and their possible impacts, non-tariff barriers to trade and technical regulations, energy (oil and gas, electric power), transport infrastructure, as well as labour markets and migration. Dr. Stepanova specified a key objective of this project - to bring closer the European Commission and the Eurasian Economic Commission and to boost the integration of these economic unions and its parties.

Mr. Petros Sourmelis, Head of Unit, Directorate E, Unit E2, Russia, CIS, Ukraine, Western Balkans, EFTA, EEA and Turkey, DG Trade, European Commission, noted that the EU is in favour of free trade. As in current economic circumstances, this approach is beneficial for all, including the EU neighbourhood and the OSCE area. He mentioned that the international fragmentation of production in global value chains is driven by technological progress, cost reduction, and access to resources and markets. He emphasized that the EU is supportive of worldwide trade integration, including economic co-operation and partnerships. He said that with the aim to increase stability and prosperity in its neighbourhood, the EU co-operates with its Eastern partners, in particular with Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine on a wide range of issues, including European standards, supporting small and medium-sized enterprises (SMEs), trade facilitation, public administration reforms, anti-corruption, and justice reforms. Mr. Sourmelis informed that the EU has concluded deep and comprehensive trade agreements with Georgia, Moldova and Ukraine aimed at supporting reform efforts and their integration and bringing them closer to the EU market. He underlined that connectivity is an important aspect in the Eastern Partnership and gave as an example Georgia's East-West Highway and Black Energy transition system. He underlined that all EU projects were implemented without competing with other integration processes. He expressed his regret that Russia decided to suspend the implementation of the Commonwealth of Independent States (CIS) Free Trade Agreement with Ukraine. He emphasized that the EU provides its Partnership countries with the opportunity to conclude bilateral FTAs with third countries. He also touched upon the issue of co-operation between the EU and the EAEU – being both the biggest economic and trade unions within the OSCE region. He emphasized that the EU co-operates with many of the EAEU's individual members, such as Armenia, Belarus, and Kazakhstan. He stated that economic co-operation among the OSCE participating States has a huge potential for growth. Meanwhile, he stressed the political dimension of the EAEU project. In this respect, the speaker mentioned that Russia has been introducing a number of trade restrictive measures against its trade partners,. He underlined that the EU has technical contacts with the EAEU, as it is needed to promote harmonization of standards. Economic connectivity could also be conducive in resolving conflicts and tensions among neighboring countries. In this respect he mentioned that Transnistria has joined the “Deep and Comprehensive Free Trade Area” as a part of an agreement between the EU and Moldova.

Ambassador Martin Sajdik, Special Representative of the OSCE Chairperson-in-Office in Ukraine and in the Trilateral Contact Group, spoke about the implementation of the peace plan in the East of Ukraine with a focus on rebuilding economic partnerships in conflict regions and from the perspective of the Minsk negotiations on Donbass. He underlined that in the region of Donbass 3.8 million people are in need of humanitarian help. More than 1.65

million internally displaced people (IDPs) were registered, according to the UNICEF report from December 2016. The speaker pointed out the constructive and sustainable dialogue between the government of Ukraine and representatives of non-government-controlled areas. Ambassador Sajdik would like to see the improvement of socio-economic ties in order to facilitate the rehabilitation of the country. He informed about the Working Group on Economic Affairs and Rehabilitation, established to discuss concrete economic issues, in particular, on water supply and distribution networks, restoration of electricity grids and gas pipelines in the region of Donbass, rehabilitation of the railway system /coal deliveries, banking infrastructure, and social payments.

Mr. Mykhailo Nepran, First Vice-President, Ukrainian Chamber of Commerce and Industry, Ukraine, presented the priorities of the Chamber of Commerce in rehabilitation of economic co-operation in the conflict affected zone in order to support the private sector. He named a number of key challenges of doing business in conflict areas, such as lack of transparent legislation, problems with registration and re-registration of enterprises from uncontrolled territory, loss of accounting records and property damage, troubles with paying taxes, administrative fees, and access to financial resources of enterprises. The speaker mentioned that it is important to renew, to redevelop all business contacts in order to form a beneficial environment for the development of SMEs. Mr. Nepran emphasized the co-operation with international organizations and foundations, such as UNDP and UNECE, aimed at exchanging best practices applicable for its implementation in conflict zones.

Dr. Hannes Swoboda, President, Vienna Institute for International Economic Studies, underlined that economic connectivity could contribute in overcoming conflicts and divisions. In this context, the speaker noted that the EU could be taken as a bright example of such connectivity, when economic co-operation assisted to overcome divisions through promoting economic connectivity, including in the areas of trade and transport. He underlined the significant role of connectivity in conflict affected areas, when this economic connectivity will serve in the interest of citizens and where it is critical to allow SMEs to operate on both sides of the conflict. The speaker also mentioned integration among the countries within existing economic unions, and countries left outside these trade blocks. The EU and the EAEU are enhancing connectivity inside their organizations. It is important to establish well developed connectivity with non-members of these trade blocks. Following another way would only contradict the idea of connectivity. Dr. Swoboda highlighted the role of the regulatory work between aforementioned trade alliances. He expressed his view that the OSCE and the WTO could initiate focused discussions on how to bring this regulatory work in a compatible way. The speaker noted that some of the “outsiders” could play an enormous role on economic connectivity, and gave the example of China and its integration projects. He emphasized how China can contribute to connectivity through implementing of the One Belt, One Road initiative within the OSCE area. Transport and energy corridors were mentioned, some countries might miss the use of these corridors in the economic and industrial development. Regarding labour migration, Dr. Swoboda underlined that this phenomenon is, somehow, seen in a negative and sceptical point of view, while it is an important part of connectivity process. Bureaucratic border management is a serious obstacle to connectivity, meanwhile, it should be considered through the prism of security concerns. In conclusion, the speaker emphasized that economic connectivity and economic development is closely combined with political reforms. In the long-term interest of overcoming conflicts, connectivity is one of the elements, which contribute to a peaceful solution of conflicts.

The floor was opened for discussion.

A representative of Belarus noted that it is important to build a reliable trade and economic architecture, as well as establishing dialogue between different integration structures and processes. He emphasized that Belarus is in the intersection between the Eastern and Western integration process and has a clear interest in co-operation. Belarus will chair the Central European Initiative in 2017 and, therefore, will focus on connectivity and compatibility.

A representative of Azerbaijan proposed to the Austrian Chairmanship to consider a conference on transport development, which would gather private companies active in this area. He underlined that the promotion of intra- and trans-regional transportation links and development of efficient multi-modal transport corridors can push for sustainable economic connectivity and economic growth. In regard to the issue on rebuilding economic partnerships in conflict regions, it was emphasized that the implementation of all provisions of the Helsinki Final Act and full respect of the principles that guide the relations among participating States, set out therein, in particular respect for the sovereignty and territorial integrity of States, is an essential basis for the development of mutual relations and economic co-operation. He underlined that in conflict-affected regions the resolution of conflicts will create appropriate conditions for the full-fledged economic co-operation among participating States. Economic co-operation in the context of conflicts could be a post-conflict rehabilitation measure and an additional incentive for the participating States, to seek early resolution of the conflicts on the basis of international law.

A representative of Switzerland asked Dr. Stepanova if the integration process between the EU and the EAEU should start from harmonization of standards or from sectors such as transport infrastructure, energy etc.

A representative of Armenia noted that the issue of connectivity in conflict affected areas is complex as every conflict is dissimilar and its resolution requires a tailor made approach. The delegate mentioned Decision No. 3/11 on elements of the conflict cycle, related to enhancing the OSCE's capabilities in early warning, early action, dialogue facilitation and mediation support as well as post-conflict rehabilitation. He underlined that confidence building measures should be implemented in all dimensions and during all the phases of the conflict. He emphasized that every connectivity issue in conflict environment should lead to positive co-operation. He underlined that the needs of people should be a key focus in co-operation projects and initiatives on connectivity.

A representative of the Russian Federation commented on the presentation by Mr. Sournelis regarding Russia's decision to implement trade restrictive measures against its trade partners, and underlined that aforementioned actions were a logical response to Western sanctions.

Mr. Lenk said that the OSCE can take a step forward to the initiative of connectivity. Regarding the issues of labour migration, border management and political reforms, he noted that the OSCE could exploit the idea of connectivity and improve the organization's relevance in these areas.

Ambassador Sajdik underlined that the interests of the people who suffer in conflict must stand above all the other interests.

Mr. Nepran underlined that undue discriminatory restrictions, in particular addressed to the business sector, and "trade wars" should be terminated.

Mr. Swoboda noted that diversion and separation between different parts of the OSCE area should be prevented. He underlined that the more existing economic unions will drive apart through different regulations and institutions, the more difficult will it be to get closer towards a unified economic area.

Dr. Stepanova said that different standards stay the main challenge on the way of economic integration and formation of a common economic space from Vancouver to Vladivostok.

Mr. Sourmelis said that the EU's standards are based on international standards. The EU is proposing to its partners to converge these standards in order to promote economic integration and to get an access to different markets. He noted that the EU is ready to share its experience in developing standards with the EAEU, if this is a subject of interest.

A representative of Georgia inquired if the issue of the return of IDPs is part of safeguarding the interests of people in conflicts zones.

Mr. Swoboda stated that the return of IDPs is a major element in resolving conflicts.

Session III: Economic Participation for Strengthening Security

Moderator: Ambassador M. Victoria González Román, Permanent Representative of Spain to the OSCE

Rapporteur: Ms. Teresa Albano, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Speakers:

- **Dr. Erhard Busek**, Chairman, Institute for the Danube region and Middle Europe; Former Vice Chancellor of Austria and Former Coordinator, Southeast European Cooperative Initiative
- **Dr. Johannes Kopf**, Member of the Executive Board, AMS-Public Employment Service, Austria
- **Ms. Munkhtuya Altangerel**, Deputy Resident Representative of UNDP in Kazakhstan
- **Ms. Rasa Ostrauskaite**, Co-ordinator of Activities to Address Transnational Threats, OSCE
- **Ms. Maria Baumgartner**, Founder of SpeedInvest, Austria
- **Ms. Zeljka Sulc**, National Spokesperson, OSCE Mission to Bosnia and Herzegovina

Ms. Victoria Gonzales Roman, Permanent Representative of Spain to the OSCE, welcomed the speakers to the session by underlining the key role of human capital in re-building economies and reducing poverty particularly in the aftermath of the financial crisis. The creation of quality jobs and increased economic participation of women and youth were highlighted as crucial in pursuing a holistic approach to economic growth that can have spillover effects on the prevention of radicalization.

Ms. Munkhtuya Altangerel, Deputy Resident Representative of UNDP in Kazakhstan, emphasized the role of local authorities in coping with natural challenges but also with economic and hard security issues, like radicalization and extremism. Building resilience and empowering local communities was highlighted as a key priority of UNDP in order to prepare cities to better address the needs of an increasingly diverse population, due to the growing phenomenon of urbanization. Through its global programme “Sustainable cities”, implemented in Kazakhstan in 16 Oblasts (regions) and 15 municipalities, the UNDP is looking at four main pillars of local communities’ resilience: environment, energy, territorial development, and good governance. Ms. Altangerel re-affirmed the willingness of UNDP to work closely with the OSCE on a number of issues like: ensuring decent working conditions for all workers, including migrants, exploring further private-public partnership; green growth, supporting the transition to green-economy models; disaster risk reduction particularly against flooding, which is a growing phenomenon; fight against disparities and territorial development, which also implies greater economic and political participation in local governance mechanisms.

Dr. Erhard Busek, Chairman of the Institute for the Danube region and Middle Europe and former Vice Chancellor of Austria and former Coordinator of the Southeast European Cooperative Initiative, underlined some of the key factors to address the current difficult economic situation: there is a strong need for more do-tanks, rather than think-tanks; it is important to pay great attention to methods and approaches, as sometimes small steps can achieve better results; good proposals need to be developed, as currently there is a lack of well-conceived initiatives; more cross-border co-operation is needed as the nation-state cannot live alone in a vacuum; vocational education and training (VET) are crucial elements in a rapidly changing technological landscape, especially as a tool for more inclusive societies, an issue which is linked to radicalization and migration; there is a strong need to look into excessive regulations and unnecessary bureaucracy, which often hinder people from doing, including the creation of more borders to the circulation of goods, financial assets and services.

Mr. Johannes Kopf, Member of the Executive Board of AMS-Public Employment Service in Austria, described the elements that characterize the Austrian “miracle”, being one of the countries with the lowest rate of unemployment in the EU, and flexibility and security in the labour market. A strong active labour market policy was described, based on the main pillar of re-education accompanied by subsidies in order to avoid the fragilization of those categories of workers in need of requalification. The education dual system was also pointed out as an additional element of success of the Austrian model, as it allows a constant up-to-date of the educational system with the emerging needs of the labour market. Indeed, as Mr. Kopf observed, jobs for low-skilled workers are quickly disappearing. And this is the reason why the Austrian government is taking into consideration to extend compulsory schooling until the age of 18, together with an ambitious programme of apprenticeships, including abroad. Mr. Kopf underlined that active employment policies are expensive – Austria invests 200 million Euros a year – but represent a key factor for the economic stability and growth of the country. With reference to the OSCE’s role in this matter, Mr. Kopf underlined, particularly, the need to co-operate closely with local stakeholders at field level involved in the creation of jobs. At regional and international level, the exchange of practices and the need to enhance synergies with ILO and the World Economic Forum were mentioned as key areas for action.

As *Ms. Rasa Ostrauskaite, Co-ordinator of Activities to Address Transnational Threats, OSCE*, underlined, developing preventative measures to VERLT (Violent Extremism and Radicalization that Lead to Terrorism) requires a whole-of-society approach, where good governance and the involvement of the private sector play a key role, particularly in fragile contexts that may be more prone to destabilization. According to Ms. Ostrauskaite, disrupting financial flows that support terrorist organizations is an integral part of a preventative approach to VERLT and should be addressed with increasing efforts. Regarding individual involvement in terrorist organizations, Ms. Ostrauskaite highlighted that research has demonstrated that there is no direct correlation between poverty, unemployment and VERLT. Nevertheless empowering and engaging youth by accessing employment opportunities increases individual and community resilience, with spillover effects on preventing radicalization. Yet, Ms. Ostrauskaite emphasized the need to change the approach to preventing VERLT and to consider youngsters as part of the solution rather than part of the problem, as her Office does in a number of initiatives with the aim to mobilize positive forces against radicalization. In this regard, Ms. Ostrauskaite observed that the recent migration flows have increased polarization in many countries that may lead to hate crimes, xenophobia

and progressive marginalization of migrants, which needs to be counterbalanced in order to support resilience of communities to terrorism and radicalization.

Ms. Zeljka Sulc, National Spokesperson of the OSCE Mission to Bosnia and Herzegovina, underlined that in 2016 there were no new terrorist fighters who left the country, which was the result of a long-term effort in building resilient communities, despite the high rate of unemployment and still a low rate of direct foreign investment in the country. Ms. Sulc emphasized how good governance and economic participation have been at the heart of the OSCE Mission in Bosnia and Herzegovina's efforts to prevent radicalization. In this regard, the Mission has progressively more focused on the role of local authorities. Monitoring cases of corruption, promoting the adoption of integrity plans in 27 municipalities, increasing grants in agriculture for women, were among some key activities carried out. In pursuing preventative measures to radicalization, the Mission has involved a wide range of interlocutors, social media, youth, women, successful mayors, the business sector as well as religious leaders. In thanking the Austrian Chairmanship and other participating States for supporting the Mission's actions, Ms. Sulc confirmed the continued engagement of the Mission on preventing radicalization, with additional activities aimed at reinforcing connectivity in the region and beyond.

Ms. Maria Baumgartner, Founder of SpeedInvest, Austria, shared her personal story as a female entrepreneur and particularly in the area of start-ups. As Ms. Baumgartner explained, despite Vienna not being Silicon Valley, SpeedInvest was able to build a strong international profile. Being founded by a group of founders themselves, SpeedInvest was set up in order to support the next generation of entrepreneurs, thanks to the immense capital of lessons learned from the founders' group. Ms. Baumgartner explained some of these lessons. Beyond improved education, enhanced services for families and children, beyond any "hardware" that is undeniably useful, Ms. Baumgartner concluded that most of all women need the "software": empowerment, self-confidence, and stop thinking that they are not entitled to lead.

The floor was opened for discussion.

A representative of the OSCE Parliamentary Assembly (PA) took the floor, underlining that the gender gap in female entrepreneurship still persists, despite many efforts, and highlighted the need to do more about it. As she emphasized, although women are more numerous in PhD and Master degrees at universities, their presence drops in the business sector, not only in Portugal – country of origin of the PA representative – but still in too many countries. Regarding radicalization, she called for increased efforts to tackle youth unemployment and youth poverty as means to counterbalance the risks related to violent extremism.

The representative of Austria posed two questions: the first one to the OSCE Mission in Bosnia and Herzegovina whether the Mission's efforts to increase women economic participation were well received by the national authorities; the second one to Ms. Baumgartner regarding her opinion towards investing in Bosnia and Herzegovina in the IT sector.

The representative of the United States of America addressed a question to Mr. Kopf regarding possible links between radicalization and unemployment. The second question aimed at exploring how the Austrian government proposed to the general public the

programme for active employment policies, which is evidently very expensive and therefore possibly a source of resistance.

A Parliamentarian from Kazakhstan underlined that over 70% of SMEs in Kazakhstan are owned by women entrepreneurs, thanks to a considerable investment of government funds in women's education, promoting their active role in the economic life of the country. The parliamentarian emphasized how these government's efforts have spillover effects, not only for the self-development of women, but also for the economic development of the whole country.

Ms. Baumgartner emphasized how important it is to support efforts to increase the entrepreneurial spirit, not only for women. She brought the example of Austria, which was able to create an "eco-system" for start-ups in the past ten years, recognized at international level. She, however, underlined that "soft skills" are indeed critical as they allow women to enlarge their businesses and promote bigger ideas and teams. Regarding employment of Bosnian nationals in the IT sector, Ms. Baumgartner stated that skilled human capital is requested. However, she pointed out how important it is for Bosnia and Herzegovina to establish this previously mentioned "eco-system", to provide the country with development opportunities in the medium and long run.

Mr. Kopf underlined that there might be a tendency to confirm the allegation that unemployment is linked to radicalization – and more, in general, to criminality. He did not link any research on the subject matter. Mr. Kopf emphasized the limits of this research trying to prove the causal relation between unemployment and criminality, which could not be seen as automatic and could not be firmly established. Regarding the second question, Mr. Kopf confirmed that not only all parties in the Parliament support measures to counteract youth unemployment, no matter of the cost. The general public believes that it is important to invest public resources to help young people finding their way in the labour market.

Ms. Ostrauskaite confirmed that research shows that there is no direct link between unemployment and radicalization. Nevertheless, the need for interventions aimed at involving youth remained critical for the social and economic stability and increased resilience to infiltration of criminality. Ms. Ostrauskaite concluded by saying that inspiring stories, like the one of Ms. Baumgartner, are worth being publicized widely as they are a source of positive inspiration and create a spillover effects on youth.

Opening Session, 24 January

Keynote speech: **Mr. Hans-Georg Kramer**, Director General, Tax and Customs Administration, Tariffs and Fight Against Fraud, Federal Ministry of Finance, Austria

Moderator: **Mr. Andreas Stadler**, Minister Plenipotentiary, Deputy Head of Mission for the Economic and Environmental Dimension, Permanent Mission of Austria to the OSCE, 2017 Austrian OSCE Chairmanship

Rapporteur: **Ms. Tatiana Varacheva**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Speakers:

- **Mr. Marat Beisenov**, Director, Customs Control Department, State Revenue Committee, Kazakhstan
- **Ms. Sara Srdic**, Head of Department, Ministry of Finance, Customs Administration, Serbia
- **Mr. Alexander Eliseev**, Chief of Education, Border Management Staff College, OSCE Office in Tajikistan
- **Ms. Bettina Vogl-Lang**, Vice-Chair of World Customs Organisations, Europe Chapter and Federal Ministry of Finance, Austria

Mr. Andreas Stadler, Minister Plenipotentiary, Deputy Head of Mission for the Economic and Environmental Dimension, Permanent Mission of Austria to the OSCE, 2017, Austrian OSCE Chairmanship, welcomed the speakers to the opening session and stressed the importance of the practitioners' perspective.

Mr. Hans-Georg Kramer, Director General, Tax and Customs Administration, Tariffs and Fight Against Fraud, Federal Ministry of Finance, Austria, emphasized that security, economy and peace were the key elements of risk reduction. He stressed that economic participation, business partnerships, and good governance were the basis for stability and security. Mr. Kramer pointed out that the Austrian Federal Ministry of Finance supported efforts towards a common economic space. He underlined that building partnerships helped to improve trust in the OSCE region and brought some examples of international co-operation. Trade facilitation and border security were the key components of economic growth and economic partnerships and should be combined with good governance. Globalization on one hand and the threats of terrorism on the other required high performance and constant responsiveness. The speaker emphasized that the private sector should be included in the process of partnerships' building and highlighted the co-operation of the Ministry of Finance with the private sector. He stressed that optimization of procedures and controls that managed the movements of goods across national borders were the precondition for reducing costs and enhancing efficiency of trade interactions. Closer co-operation between the EU and the EAEU was particularly important. In this regard, it was emphasized that the OSCE was well-placed to build bridges among existing economic integration mechanisms in the OSCE area providing an excellent platform for discussion and exchange of views. Mr. Kramer brought to the attention the targeted assistance provided by the BMSC

in Dushanbe and stressed that this fruitful co-operation would be continued. He concluded by stressing the importance of co-operation with the World Customs Organization (WCO) that would enhance collaboration among national customs administrations and with the trade counterparts.

Mr. Marat Beisenov, Director of Customs Control Department, State Revenue Committee, Kazakhstan, presented the experience and best practices in the simplification of procedures of international trade and outlined the activities of the Kazakh's Customs Service and its achievements. He started with the history of the Customs Service and a brief overview of the international conventions in the field of customs matters ratified by the Republic of Kazakhstan, as well as Kazakhstan's membership in international structures with a particular emphasis on the advantages of the Eurasian integration process. He outlined the positive aspects of the unification of three governmental monitoring bodies to the State Revenue Committee of the Republic of Kazakhstan. He stressed that Kazakhstan served as an overland transit corridor between Asia and Europe due to its geographical location. Therefore, acceleration and simplification of the customs transit procedures was one of the country's priorities. Among other priorities was ensuring that the country's customs service presented a reliable partner for honest business and, at the same time, a barrier to illegal trade activity. Mr. Beisenov presented three strategic goals of the country to facilitate international trade, namely supply security, simplification of the conditions for trade, and ensuring the full and on-time payment of customs duties and taxes. The speaker outlined the sub-priorities stemming from these goals. He stressed that Kazakhstan nowadays offered simplified customs procedures for business through the reduction of a number of documents both for export and import. He also presented the electronic declaration system "Astana-1" and its advantages. The speaker pointed out that a selective control and risk management system allowed to reduce time and the influence of an individual, as well as to streamline procedures, which reduced the costs for business. Mr. Beisenov informed about efforts aimed at modernization of customs checkpoints infrastructure. In conclusion, he emphasized that, as a result, Kazakhstan achieved progress in the Global Competitiveness Index and ranked 59 in 2015-2016.

Ms. Sara Srdic, Head of Department, Ministry of Finance, Customs Administration, Serbia, presented the Customs Administration of Serbia, the executive authority of the Government that enforced the customs policy of the Republic of Serbia. She stressed that the Customs Administration of Serbia played an important role in ensuring security. The Customs Administration sustained co-operation, both with other customs services and the business community, and encouraged the private sector to apply simplified procedures. The speaker informed about co-operation activities with the Austrian Ministry of Finance, which included the exchange of information, delivery of data and documents, as well as providing expert assistance. Ms. Srdic gave an overview of multilateral and bilateral agreements, as well as the membership of Serbia in international bodies. In the sphere of border management, the speaker highlighted special agreements with other border services and the implementation of twinning projects. Regarding the anti-corruption activities, Ms. Srdic stressed the importance of preventive measures emphasizing the Integrity Plan adopted by the Customs Administration and the "zero tolerance" policy towards corruption. She informed about the WCO pilot project "Strengthening integrity and fight against corruption", in which a questionnaire for the strategic assessment of corruption risk had been developed. In conclusion, the speaker presented the most significant cases the Customs Administration had dealt with, its material resources, as well as the results achieved in recent years.

Mr. Alexander Eliseev, Chief of Education, Border Management Staff College, OSCE Office in Tajikistan, presented the activities of the BMSC and its contribution to the improvement and development of border management and trade facilitation. The BMSC was perceived as an International Centre for Professional Advancement of Mid- to Senior-Ranking Border Security and Management Officials. Mr. Eliseev informed that the BMSC paid particular attention to the development of border management and trade facilitation in the Central Asian region and Afghanistan. The training courses, provided by the College, brought together professionals in border management, customs, drug control, trade and transport, as well as other border-related agencies, which allowed sharing experience among all experts from a wide range of countries. The speaker gave an overview of the core courses that included one-month training courses up to a one-year course, as well as short-term training courses on specific areas of border security. Mr. Eliseev informed that the BMSC had an Analysis and External Relations Unit that conducted research on problems of border security. He stressed that the BMSC was an extra-budgetary project supported by a number of OSCE pS. The academic advisory board that consisted of several international organizations supported the College's activities by providing recommendations on and approving the curriculum, providing experts, and assisting in planning of activities.

Ms. Bettina Vogl-Lang, Vice-Chair of World Customs Organisations, Europe Chapter and Federal Ministry of Finance, Austria, emphasized the importance of customs administrations for the management of international trade and stressed the challenge of combining trade facilitation measures with security and public budget interest. She informed that Austria, as the Vice-Chair of the WCO European Region, developed an ambitious agenda for the next meeting of the WCO European Region scheduled end of April 2017. She emphasized the importance of reducing customs delays in the cross-border movement of transport and goods. The customs communities could contribute by creating an interconnected system for the transit of goods. Ms. Vogl-Lang underlined that international co-operation, coordination and a multilateral approach were elements of a way forward in the complex global environment. She also highlighted that the OSCE and the WCO had a lot in common when it came to the support of training centres and suggested further co-operation to achieve practical results.

Working Group I: Good Governance and Corruption Prevention

Moderator: Ambassador Olga Algayerová, Permanent Representative of the Slovak Republic to the International Organizations in Vienna

Rapporteur: Mr. Uroš Milanović, Attaché, Permanent Mission of the Republic of Serbia to the OSCE

Facilitators:

- Prof. Ermelinda Meksi, Deputy Co-ordinator/Head, Economic Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities
- Mr. Andreas Wieselthaler, Director, Federal Bureau of Anti-Corruption, Federal Ministry of the Interior, Austria
- Mrs. Laura Sherman, Anti-Corruption Adviser, Rule of Law & Human Rights- Economic Crime & Anti-corruption, OSCE Mission to Serbia
- Ms. Tatjana Bojanic, Acting Director, Serbian Institute of Standardization, Serbia

In Working Group 1, dedicated to the topic of “Good Governance and Corruption Prevention”, *Ambassador Algayerová Permanent Representative of the Slovak Republic to the International Organizations in Vienna*, Moderator of Session I, started off the discussion by posing two questions to the participants - whether corruption is always a bad thing and what exactly we want from the OSCE to do for us. The Working Group was organized as a discussion platform to promote an open and fluent exchange of ideas and existing challenges.

Prof. Ermelinda Meksi, Deputy Co-ordinator/Head, Economic Activities, Facilitator of the Working Group, pointed out the importance of OSCE documents, especially the relevant MC Decisions of Hamburg and Basel. She stated that the primary goal of good governance and combating corruption should be achieving a transparent administration and institutional infrastructure, while the direct economic benefits can be seen through the improvement of the investment climate, which comes as a result of good governance.

Mr. Nurmammet Seyitliyev, Chief of the Division for Financial Monitoring Department in the Ministry of Finance of Turkmenistan, briefed on a successful example of OSCE initiatives in his country, where together with the OSCE field operation, activities on combating money laundering and financing of terrorism had been combined. He thanked the OSCE for supporting these activities and especially the OCEEA for its support in opening a new Research Centre dealing with these issues. Exchange of experience and sharing of best practices play a major role in expanding the knowledge of law enforcement on how to tackle these challenges. The OSCE can assist participating States in organizing joint meetings between interested parties, as well as providing international expertise, like the training visits organized in Latvia, Romania and Georgia, which had been done for the representatives of

Turkmenistan. The OSCE Research Centre is also providing assistance, in terms of logistical support, in formulating the national risk assessment process in Turkmenistan.

A representative of the Russian Federation, Ms. Elena Safronova, pointed out that some countries are facing difficulties with regard to the criteria and standards of corruption prevention. This can often be contradictory to some international documents, which, then, creates additional issues in the process of law harmonization in different parts of the OSCE area. She suggested that the OSCE should organize more centres and seminars, which would be dealing with these issues and showing ways how to solve them. This initiative would receive the backing of the Russian Federation. She stated that the OSCE could also organize risk assessment missions, which would identify crucial pieces of legislation that are not effective in practice, or are not being implemented adequately. The OSCE could, in such cases, organize seminars with other pS that have similar legal systems, in order to improve the implementation of anti-corruption laws. Ms. Safronova, additionally, suggested that there is a need to think about creating a unified legal space throughout the OSCE. She emphasized that there should be no difference between ethical standards in the private and the public sector, due to their inter-dependence. With regard to the protection of whistleblowers, she was interested to hear about different approaches in the OSCE pS and their effectiveness, since these protection systems can vary greatly from country to country.

A representative of the Chamber of Commerce of Serbia, Mr. Miroslav Miletic, introduced the work of the Chamber and its role in setting up business standards. The Chamber had actively participated in the creation of the whistleblower protection law and in the implementation of the Anti-Corruption Action Plan. He thanked the OSCE Mission to Serbia for providing assistance in these matters.

A representative from Albania emphasized the global nature of corruption, which is never contained solely within national borders. Albania had organized a network on combating corruption with the help of the OSCE Presence. Its experience had shown the importance of the prevention of corruption. The private sector should have a strong voice when formulating anti-corruption laws, since they are the most affected by these issues. The OSCE Presence in Albania had assisted the relevant authorities in creating an Anti-corruption Code of Conduct. They had called on young generations to be more involved in these matters, as well as the work of the OSCE.

A university professor from Ukraine, Mr. Leonid Kistersky, highlighted that good governance should be used to limit the influence of the government in the private sector. He argued that public-private partnerships should be the backbone in managing economic reforms. Here, there is a direct role for the OSCE in co-ordinating the awareness-raising on the significance of ethical norms in the business environment, especially in countries undergoing economic reforms.

Mr. Andreas Wieselthaler, Director of the Federal Bureau of Anti-Corruption of Austria and Facilitator of the Working Group, showcased the positive examples of Austria's experiences. One of the most important tools, which had been created, is the network of compliance management officers that are dealing with ethical points of project implementation and financing in the public sphere. This had been complemented by a Code of Conduct that is obligatory for all public servants. He suggested that the OSCE could organize web-based trainings, using videos and online tests; something, that had been extremely successful in Austria. The OSCE could also create an internet base for all anti-corruption strategies from

across the OSCE region, which could be easily accessible by individuals in charge of creating anti-corruption policy within OSCE pS. This way, the experts could be able to review different approaches and their effectiveness, and decide what could be improved within their own legal systems. Mr. Wieselthaler suggested that the OSCE should formulate a joint Anti-Corruption Strategy that could be beneficial to all pS.

A representative of Romania declared their willingness to continue sharing of best practices, as in the case of Turkmenistan, through the help of the OSCE. Field operations could provide assistance to OSCE pS in training civil society and private sector in combating corruption. A seminar with best-case examples could be organized by the OSCE for all pS.

A representative of Switzerland supported the comments made by Albania with regard to the private sector. They called upon all pS to start implementing the adopted OSCE MC Decisions, which would be a first step in the struggle against corruption. They also emphasized that the issue of corruption should be regarded as a threat to the security of our societies.

The OSCE Presence in Albania highlighted plans to organize a poll on the state of the investment climate in Albania in the first half of 2017, after which there would be several trainings for government officials on this topic. In the past, they had organized Code of Conduct Fora. This poll and training exercises for officials would represent a follow-up to these activities. Apart from this, the Presence tackles capacity building for the public and private sector, as well as the media. In the area of education, a new curriculum containing anti-corruption policies had been introduced and received excellent feedback.

Ms. Tatjana Bojanic from the Institute for Standardization of Serbia and a Facilitator of the Working Group, presented the activities of the Institute, as well as the anti-corruption and ethical standards in Serbia. She suggested adopting these standards in other pS, due to their flexibility and ease of implementation. She also presented the anti-bribery management, which is currently undergoing in Serbia.

A representative of Serbia reminded the participants about the anti-corruption efforts in the OSCE that had been introduced by the Serbian Chairmanship in 2015, especially the Anti-corruption Group of Friends, which had done a thorough revision of OSCE activities. Several improvements had been suggested. These suggestions could be used to formulate a consensual decision on how to improve OSCE anti-corruption efforts, given the strong interest shown by the participants in the discussions. Ethical standards could be introduced as a part of general education programmes.

Ms. Laura Sherman from the OSCE Mission to Serbia and a Facilitator, presented the work of the Mission in the area of anti-corruption. She stressed that in Serbia there is a focus on combating corruption, rather than on prevention. However, significant results seem to be lacking in terms of court rulings against influential figures and corporations. She suggested that a stronger enforcement needs to be implemented. Without it, there is no fear of consequences. Ms. Sherman mentioned the lack of funding, which the Mission is facing, due to the constant reduction in its annual budget, which has a detrimental effect on the ability of the Mission to implement projects.

A representative of Kazakhstan stated that “the country begins from the cradle” and that they have a platform for corruption prevention that spans all ages, from kindergarten onward. She called upon the pS to share their best practices as much as possible.

A representative of Belarus briefed on the corruption prevention measures taken in the country, with an emphasis on combating the root causes of corruption. This is the main aspect of the new Law, which included the opinion of NGOs, on the measures that could be implemented by the police and legislative bodies.

Prof. Meksi introduced the idea of a corruption-free generation and how this could be achieved. She also elaborated on ways to implement existing OSCE documents, which contain excellent provisions on corruption prevention and the fight against corruption. She called upon the pS to increase the funding of the OCEEA in order to open new positions for experts in the area of anti-corruption; it is clearly visible that there is a great need and interest by the pS to tackle these issues. She also supported the idea of organizing a web-based training and stated that the OSCE would try to implement this suggestion.

The following points were suggested:

- Development of a more transparent administration and institutional infrastructure;
- OSCE support in creating research and training centers focused on prevention and combating corruption;
- OSCE support in organizing more meetings focused on experience exchange and sharing of best practices;
- OSCE support in providing risk assessment for participating States;
- Whistleblower training programs, exchange of experience on different whistleblowers protection systems and their effectiveness around the OSCE region;
- Larger focus on prevention instead of combating corruption;
- Better involvement of the private sector in formulating anti-corruption efforts;
- Development of an OSCE Code of conduct;
- Web based training programmes;
- Creation of an internet database of national anti-corruption policies, which can be easily shared and accessed by delegations and experts;
- Better involvement of social media and its use in preventing and fighting corruption;
- Development of an OSCE anti-corruption strategy;
- Youth involvement and youth anti-corruption and ethical training programs.

Working Group II: Building Economic Partnerships in the OSCE area

Moderator: Ambassador Véronique Roger-Lacan, Permanent Representative of France to the OSCE

Rapporteur: Ms. Claire Nantier, Counsellor, Permanent Representation of France to the OSCE

Facilitators:

- **Ms. Bettina Vogl-Lang**, Vice-Chair of World Customs Organisation, Europe Chapter and Federal Ministry of Finance, Austria
- **Ms. Natalia Mirimanova**, International Alert, Humanitarian Dialogue, Belgium
- **Mr. Marat Beisenov**, Director Customs Control Department, State Revenue Committee, Kazakhstan
- **Ms. Sara Srdic**, Head of Department, Ministry of Finance, Customs Administration, Serbia

In her introduction, *Ambassador Véronique Roger-Lacan, Permanent Representative of France to the OSCE*, noted that the topic “Building economic partnerships in the OSCE” was related to people’s lives, trade in conflict areas, connectivity as well as to the issue of norms.

Ms. Bettina Vogl-Lang, Vice-Chair of World Customs Organisation, Europe Chapter and Federal Ministry of Finance, Austria, underlined the importance of establishing an interconnected transit system. Even if it was quite an ambitious goal, it was not unrealistic. Discussions related to this issue will take place between European members of the World Customs Organisation on 20 April. The OSCE is a relevant organization to discuss this goal at a diplomatic level.

Mr. Bernhard Thury from the Austrian Ministry of Finance pointed out that the OSCE field presences and customs organizations should work closer together. It would be interesting to reflect on ways to co-operate in a more comprehensive and direct manner.

A representative of Azerbaijan agreed that it was important to establish an interconnected transit system and, referring to the multi-modal infrastructure projects implemented in different parts of OSCE area, stressed the need to connect these “pockets” of infrastructure, which were already developed. It was important to have a discussion on simplified customs and to create linkages between OSCE participating States, using this infrastructure.

A representative of Switzerland underlined the need to deliver trainings: the BMSC in Dushanbe could play a key role. He recommended to build on existing institutions.

A representative of Armenia stressed the need to better understand the added value of the MC Decision No. 4/16, which was not only technical, but also political. The Second Dimension

was the right place for confidence building: it is important to connect conflict regions with the outside world and he would welcome more discussion on this topic.

As regards to connectivity in Central Asia, *a representative of the United States of America* outlined that there was a real opportunity to do more as trade between these countries was very low. In conflict areas, small steps were important, but a political will could be a prerequisite.

Ambassador Roger-Lacan said that co-operation was key and that it was necessary to build on the MC Decision No. 4/16.

A representative of Azerbaijan noted with regard to the issue of rebuilding economic partnerships in conflict regions that, it is resolution of these conflicts that will create appropriate conditions for the full-fledged economic cooperation among the participating States concerned. In the absence of tangible results and persistent stalemate in conflict resolution processes, economic activities, including those introduced as confidence-building measures (CBM), will only consolidate the current *status quo*.

A representative of Armenia wondered how a conflict region could be defined. People living in these regions should not be criminalized. The Universal Declaration of Human Rights recognizes the same rights for everyone, regardless of where they live.

Ms. Natalia Mirimanova, International Alert, Humanitarian Dialogue, Belgium, wondered if trade creates security or if security creates trade. Trade and connectivity were useful tools. However we sometimes witness a misuse of economic co-operation. It should be economically meaningful and built on genuine interests. The departing point was to ask how much it would cost (to reopen a railway for example) to know if this is profitable or not. The EU facilitated dialogue between Belgrade and Pristina represents a good example where a technical dialogue aiming at solving trade issues boosts trade by factor four. In the OSCE area, conflicts involving “de facto entities” pose a problem to trade relations, hence, the need to apply creative tools.

Mr. Marat Beisenov, Director Customs Control Department, State Revenue Committee, Kazakhstan, emphasized that for Kazakhstan, as a transit state, it was very important to have an interconnected transit system, given that most states had their own systems. There was a need to streamline transit systems and to speed up customs clearance processes.

A representative of the Austrian Chairmanship indicated that digitalization was also an important issue on which convergence was needed.

Ms. Vogl-Lang underlined the need to have the right information to manage risks in advance. Good IT systems were essential as well as a good concept of risk management. The OSCE could also concentrate on e-governance.

Mr. Mykhailo Nepran, First Vice-President, Ukrainian Chamber of Commerce and Industry, Ukraine, pointed out that having a one-stop shop was required to ensure better relations between customs and business. The aim was to limit the number of contacts to obtain customs clearance. He emphasized the need to address red tape as well as to engage on fighting counterfeiting.

Another representative of the Austrian Ministry of Finance said that only three ratifications of the WTO Trade Facilitation Agreement were required to have it entering into force. A strong political commitment was needed in this regard.

Ambassador Roger-Lacan reminded all participating States that this was a tasking contained in Paragraph 11 of the MC Decision No. 4/16. It would be a positive signal to deliver on this issue.

Mr. Roel Janssens, Economic Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities, underlined that digitalization could be effective only if countries were ready to co-operate. If national systems were not connected to each other, it could not work. For the first time, the MC Decision No. 4/16 opened the door to activities on the Trade Facilitation Agreement. The Secretariat was currently developing an extrabudgetary project on this topic.

A representative of Georgia agreed that there is a need to streamline some procedures. As the OSCE is neither an economic nor a development organization, it should be the guardian of the implementation of commitments. Without political will to respect norms, it was impossible to make progress.

A representative of Belarus emphasized the importance of finding ways to ensure compatibility between different platforms and to avoid dividing lines. He hoped to identify paths where the OSCE can bring added-value in this process.

Ms. Sara Srdic, Head of Department, Ministry of Finance, Customs Administration, Serbia stressed that all customs administrations face the same problems and have the same ideas but without having the same equipment. It was nonetheless important to use the same system and type of documents.

A representative of Germany welcomed the format of the discussion, as it allows for lively discussions. He inquired in which areas the OSCE could contribute and if the OSCE mission to Serbia cooperates with the Serbian Customs Administration.

Ms. Srdic answered that there was no real co-operation between the mission and her administration.

A representative of Switzerland welcomed this exchange of views with customs officers and wondered whether there was an area where the OSCE could be useful. He also asked where we should start to create a common economic space.

Ms. Vogl-Lang underlined that the OSCE, being a political organization, was the right place to try to have a political agreement emerging.

Mr. Thury expressed the idea of having a workshop organized by the OSCE bringing together field presences and customs in order to define gaps and needs and then to act on the gaps.

Mr. Nepran pointed out that one day the conflict in Ukraine will be over. The OSCE could then spearhead the process.

Ambassador Roger-Lacan said that the trilateral working group was already addressing that question.

Mr. Nepran explained that he would like a conference to be organized on the strategic development of the region. This was not the focus of the trilateral working group.

A representative of Armenia stated that it was difficult to assess if a situation is a post-conflict situation or not. His country has not used direct transport corridors to Europe since its independence. The OSCE was a very important platform on such important issues.

Ms. Stepanova recognized that it is difficult to achieve a common economic space when at the same time economic barriers are raised.

A representative of Belarus suggested discussing technical standards during an Economic and Environmental Committee (EEC).

Ms. Vogl-Lang stressed that harmonizing technical standards is work undertaken on a bilateral level or in the WTO. The OSCE had an important role to give a political direction.

A representative of Azerbaijan said that participating States have the right to choose their trade partners and define and conduct their relations with other States according to their interests. Development of mutual economic relations and co-operation in the economic field should take place in full respect for the principles set forth in the Helsinki Final Act. He reminded that in the Astana Commemorative Declaration, the participating States reiterated their commitment to the concept of comprehensive security, which links economic and environmental co-operation with peaceful inter-State relations.

Finally, *Dr. Halil Yurdakul Yigitgüden, Co-ordinator of OSCE Economic and Environmental Activities*, underlined the need to have political will and to involve the private sector, or, otherwise, there would be neither implementation nor a fast process at the border. The Secretariat/OCEEA (together with the UNECE) published a *Handbook of best practices at border crossings – a trade and transport facilitation perspective* in different languages. Answers to all possible questions could be found in this handbook.

Working Group III: Economic Participation for Strengthening Security

Moderator: Ambassador M. Victoria González Román, Permanent Representative of Spain to the OSCE

Rapporteur: Mr. Luis Manuel Cuesta, Deputy Permanent Representative for Politico-military Issues, Permanent Mission of Spain to the OSCE

Facilitators:

- Ms. Kari Aina Eik, Secretary General, Organization for International Economic Relations, Austria
- Ms. Jana Zabunov, NGO „Women’s Entrepreneurship Academy“, Serbia
- Ms. Hedda Femundsen, Gender Coordinator, UNIDO
- Mr. Rati Japaridze, Economic and Environmental Activities, Economic and Environmental Officer, OSCE Programme Office in Astana
- Ms. Zeljka Sulc, National Spokesperson, OSCE Mission to Bosnia and Herzegovina

The Moderator, *Ambassador M. Victoria González Román*, introduced Working Group III recalling Dr. Erhard Busek's¹ remark for having more “Do Tanks” instead of “Think Tanks”. She invited all participants of the Working Group to having a result-oriented discussion. She proposed to use the first part of the Working Group to discuss the topic of “Economic Participation and the Prevention of Radicalisation” and to focus in the second part on the role that the OSCE could play to support a more conducive environment. She mentioned that the OSCE had some important programmes to foster economic co-operation in the Mediterranean region and the Western Balkans and that it also had some interesting experiences in Afghanistan, Azerbaijan and Tajikistan.

Ms. Kari Aina Eik, Secretary General, Organization for International Economic Relations, Austria, explained that her Organisation works with the business sector and the cities to promote urban development and asked how the OSCE could contribute concretely in this field in order to better involve the private sector, also in terms of vocational training.

Mr. Andreas Stadler, Deputy Head of Mission for the Economic and Environmental Dimension of the Permanent Mission of Austria to the OSCE, said that the concept of economic participation is relatively new to the OSCE. The intention of the Chairmanship was to explore how tackling the lack of education and jobs could be a step towards removing some of the attraction of violent extremism. He mentioned the commitments that all member States share in the UN and proposed to share these experiences.

Mr. Jeffrey Goldstein, OSCE Mission to Skopje, pointed out that the youngsters who are involved in violent extremism and radicalisation are not necessarily the poorest or the less

¹ Dr. Erhard Busek, Chairman, Institute for the Danube region and Middle Europe; Former Vice Chancellor of Austria and Former Coordinator, Southeast European Cooperation Initiative.

educated. He suggested focusing rather on the root causes and on the people more at risk. He explained that the country has a high rate of youth unemployment but he was hesitant to establish a link between this problem and the phenomenon of radicalisation. Instead, he suggested investing more on analysing the root causes of radicalisation at regional, sub regional and national levels.

Ms. Jana Zabunov, NGO “Women’s Entrepreneurship Academy”, Serbia, presented her experience from Serbia, where some programmes that combine education with part-time schooling have been put in place.

Mr. Fitim Mulolli, OSCE Mission in Kosovo (OMIK), said that, although OMIK does not have an economic mandate, the Mission was active in the area of countering violent extremism, helping the local authorities drafting a strategy and supporting different activities (e.g. Apprentice Programme, Youth Camps, educational activities and discussions, as well as multi-ethnic and gender sensitive workshops).

Mr. Jan Lueneburg, OSCE Mission to Serbia, explained that while the Mission had extra-budgetary funds to work in the fight against radicalisation, in view of the local population the real problem was how to increase economic participation and asked for experiences in this sense.

Mr. Stadler questioned the notion that the lack of a specific mandate prevents from addressing the problem of youth unemployment. A high rate of youth unemployment is not only unacceptable on moral grounds but also for security reasons. He invited to bring in more business people and education specialists to the debate.

Ms. Zeljka Sulc, National Spokesperson, OSCE Mission to Bosnia and Herzegovina, signalled that it was difficult for young people to find their first job since usually employers look for more experienced workers. She shared the experience of the OSCE Mission to Bosnia-Herzegovina, which works with a “Youth Advisory Group” made of twelve young people who meet once a month and provide advice to the Mission. It has a multiplier effect, engaging the youth in narratives to counter violent extremism. The Mission also provides training to educators and teachers on how to counter violence and identify signs of violent extremism.

The Moderator concluded that the root causes of radicalisation have to do with socioeconomic, educational and cultural aspects. Thus, there is a need to pay more attention to women and to invest more on youth. It is also important to help young people to have access to their first job. The situation of migrants and their integration also deserve our attention. She proposed to dedicate the second half of the first part of the Working Group to the topic of “Women Entrepreneurship”.

Ms. Zabunov explained that the main priorities of her NGO are the economic empowerment of women, education research, advocacy and promotion. The main problem is the implementation gap (more work needs to be done with municipalities). She pointed out that it's necessary to make municipalities more business and gender responsive.

Ms. Ulrike Schmidt, Adviser on Gender Issues at the Office of the OSCE Secretary General, shared her OSCE experience to provide capacity building for women to start up and run their own business.

Ms. Kazbekova, Head of the Economic Commission of the Parliament of Kazakhstan, said that the most important thing is to support the combination of business and education. “Business Academies” can play a role in combining the two. She affirmed that the most important thing for a woman is to gain independence and advocated for a greater participation of women both in political and economic life. She gave the example of an application for rural women, which has been developed in her country, through which they can access all the information necessary for starting a business, thus making it possible that “women who pay their taxes contribute to the distribution of the income”.

Ms. Hedda Femundsen, Gender Coordinator, UNIDO, shared the main findings of the United Nations High Level Panel report on “Women’s Economic Empowerment” of September 2016. According to it, the four overarching factors that prevent gender equality would be adverse social norms, discriminatory laws, gaps due to unpaid house work and access to property assets. Some of the measures, proposed to address these factors, are the setting of specific targets for the reduction of gender gaps to be taken into account when reviewing managers’ performance; to put in place family friendly policies; and to set numerical quotas for women in government and business.

The Moderator concluded that there were some good proposals to be drawn from the High Level Panel Economic Report to put them in practise in the OSCE.

Mr. Rati Japaridze, OSCE Programme Office in Astana, drew on his personal experience in Georgia on the creation of jobs by establishing a sound investment climate, promoting transparency, fighting corruption and strengthening Institutions. He referred to the 2003 Maastricht MC Decision, which identified four areas of work: creating a business friendly institutional framework, fostering human capital, promoting social rights and establishing social corporate responsibility.

Mr. Lueneburg pointed out that although the Mission does not play a direct role in the creation of jobs, some of its activities help building the foundations for an environment conducive for employment by promoting democratisation, judiciary’s reform, transparency and human rights.

Ms. Zeljka Sulc explained their work with municipal assemblies and mayors in Bosnia and Herzegovina, training them to draft good project proposals and building up trust between the citizens and the municipal authorities. The OSCE is working with twenty municipalities to help them implement the “Integrity Plans” developed by “Transparency International”.

Ms. Teresa Albano, Economic Affairs Office of the Office of the Coordinator of OSCE Economic and Environmental Activities, stressed that youth and migration will continue to be one of the priorities for the OCEEA in the coming years. She said that education is a tool to share values and to build mutual understanding. She suggested that in the Second Dimension “we should not focus so much on preventing radicalisation but rather on “enhancing economic participation”.

Ms. Kari Aina Eik, a specialist in identifying projects for funding, launched a suggestive proposal and asked the members of the Working Group to think of a joint project that could be financed with the available funds.

Both members of the OSCE Missions to Serbia and in Kosovo identified the Regional Youth Cooperation Office of the Western Balkans (RYCO) as one such possible project.

The Moderator concluded by saying that Spain is very active in moving forward the youth agenda in the OSCE through the “Group of Friends of Youth and Security”, whose first meeting is scheduled in February. She also announced the Youth Conference of the OSCE and the Partners for Cooperation that will take place in Malaga (Spain) by the end of May.

Concluding Plenary Session

Moderator: **Mr. Andreas Stadler**, Minister Plenipotentiary, Deputy Head of Mission for the Economic and Environmental Dimension, Permanent Mission of Austria to the OSCE, 2017 Austrian OSCE Chairmanship

Rapporteur: **Ms. Brigitte Krech**, Economic and Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Speakers:

- **Ambassador Olga Algayerová**, Moderator of Working Group I
- **Ambassador Véronique Roger-Lacan**, Moderator of Working Group II
- **Ambassador M. Victoria González Román**, Moderator of Working Group III
- **Ambassador Kairat Sarybay**, Chairperson of the OSCE Economic and Environmental Committee, Permanent Representative of the Republic of Kazakhstan to the International Organizations in Vienna
- **Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities
- **Ambassador Florian Raunig**, Head of the Task Force for the 2017 Austrian OSCE Chairmanship

Closing Statements

Mr. Andreas Stadler, Deputy Head of Mission for the Economic and Environmental Dimension, Permanent Mission of Austria to the OSCE, 2017 Austrian OSCE Chairmanship, thanked for the active participation in the Working Groups. The question was raised what could and what should the OSCE do in the areas of good governance and corruption prevention, building economic partnerships and economic participation for strengthening security.

Ambassador Olga Algayerová, Moderator of Working Group I, presented a comprehensive list of recommendations of Working Group I on good governance and corruption prevention. It was recognized that corruption posed a significant threat to security and stability. The OSCE was rightfully placed to give priority to the prevention and combating of corruption. Reference was given to MC Decisions of 2004, 2014 and 2016, which clearly underlined the role of the OSCE in promoting the measures. One main recommendation referred to relevant structures, which are needed to enhance co-ordination of different actors. Prevention of corruption was seen as more important than combating corruption. The use of new technologies was presented by practitioners and participating States. The role of OSCE field missions was highlighted to implement these new structures, e.g. anti-corruption centers. Training the young generation was also regarded as vital. Ambassador Algayerová noted that additional funds were needed to support the activities in this important field².

² The list of recommendations drawn in Working Group I is annexed.

Mr. Andreas Stadler emphasized the need to reinvigorating the theme of prevention of corruption in the OSCE.

Ambassador Véronique Roger-Lacan, Moderator of Working Group II, provided an overview on the discussions held in the Working Group on ‘Building Economic Partnerships in the OSCE area’. She explained the “cohabitation” of two opposing axis to cope, on one side, with conflicts and to work, on the other side, on economic co-operation in order to overcome conflicts. Furthermore, Central Asia was mentioned as an example, seen as a homogeneous region from outside with some challenges in the field of trade. Ambassador Roger-Lacan also pointed out the challenge to co-operate between two groups: the EU and the Eurasian Economic Union. The question was raised whether trade could trigger security or security triggers trade. It was concluded that without political will to trade with each other, no trade would be possible. The second main outcome referred to the need to use existing OSCE instruments, e.g. field missions, the Border Management Staff College in Dushanbe and the Handbook on Trade and Transport published by the OCEEA. The Ambassador brought up a call on harmonization of norms as well as the implementation of the MC Decision No. 4/16. She elaborated on inclusive energy and transport infrastructure systems to encourage communication and trade among various OSCE regions. Furthermore, long-term reconstruction plans and the role of the private sector in conflict areas were discussed.

In conclusion, *Mr. Andreas Stadler* highlighted topics, where consensus could be reached in the previous discussions, such as questions on the WTO Trade Facilitation Agreement as well as mentioning the example of customs administration and the co-operation with the OSCE.

Ambassador M. Victoria González Román, Moderator of Working Group III, emphasized the innovative motion on the topic of economic participation for strengthening security. The discussion in Working Group III focused on ways how to support and create new jobs, which was a new approach to the OSCE, as well as how to increase the participation of youth and women to increase security by enhancing economic participation. The second part of the Working Group was dedicated to the specific role of the OSCE: in which ways could the OSCE support the creation of more and better quality jobs, how to pay better attention to human capital, create conditions for a more participatory economy and prevent discrimination of vulnerable groups in order to prevent radicalization. Recommendations were drawn upon three sub-topics. In the field of job and business creation, the OSCE could support economic and social reforms to improve labour market governance and economic participation by acting as a platform, sharing knowledge and best-practices. The OSCE could also act as facilitator for other economic actors to provide advice and guidance to improve a country’s policies. Furthermore, the OSCE was seen as instrumental to support a favourable business environment by promoting social and economic reforms, fighting corruption, promoting democratization, and supporting community programmes. Education and capacity building measures could be facilitated to tackle youth unemployment. Special attention should be paid to the needs of migrants and to integrate them. The second sub-topic referred to women and entrepreneurship and the need to pay attention to gender issues. Regarding the work of the OSCE field missions, it was suggested to work closer with municipalities and civil society organizations. It was highlighted that the OSCE should support the development of gender sensitive labour policies. The last sub-topic referred to the prevention of radicalization. Participants of this Working Group underlined the need to analyze the root causes of radicalization with specific country analysis. The work of OSCE field missions was praised. Regarding the Western Balkans, several participants suggested the co-operation with RYCO,

the Regional Youth Cooperation Office of the Western Balkans, which was recently established in Tirana. In conclusion, a holistic approach is needed as well as intense co-operation between governments, international organizations and civil society.

Mr. Andreas Stadler reiterated that some of the OSCE field missions were already contributing to the field of economic participation.

Ambassador Kairat Sarybay, Chairperson of the OSCE Economic and Environmental Committee, Permanent Representative of the Republic of Kazakhstan to the International Organizations in Vienna, explained that Kazakhstan gave huge significance to the OSCE's Second Dimension, mentioning the importance especially for Central Asia. The Economic and Environmental Dimension is seen as a unique bridge builder. It contributes to enhance confidence among participating States, to promote good governance, economic connectivity, and security within the OSCE region. The Economic and Environmental Forum is a valuable platform to discuss the most pressing economic and environmental challenges to security and share best-practices and lessons learnt. The Ambassador referred to the 2010 Astana Declaration, which had called for the creation of a common economic space between Vancouver and Vladivostok. The first steps towards this vision need to be taken. He also welcomed the readiness of the Eurasian Economic Commission to enhance its co-operation with many international organizations. The discussions have shown that trade could be conducive to the resolution of conflicts. The Ambassador applauded to the emphasis of the Austrian Chairmanship given to the Second Dimension. This was reflected in the Work Plan of the EEC in 2017. Moreover, with the mandate given by the 2016 Hamburg Declaration, the OSCE will continue its activities on good governance and anti-corruption, private-public-sector partnership, good governance in supply chains and potential closer economic co-operation. The Ambassador commented the proposal of Uzbekistan, where security issues in Central Asia could be solved by providing the latest know-how in green technologies to save natural resources. The discussions have been a step towards the Second Preparatory Meeting, which will take place in Astana on 14 – 16 June within the framework of the EXPO 2017 on 'Future Energy'. Here, it is foreseen to discuss aspects of green economy as a synergist for sustainable development, security and stability.

Dr. Halil Yurdakul Yiğitgüden, Co-ordinator of OSCE Economic and Environmental Activities, concluded that the First Preparatory Meeting of the Economic and Environmental Forum showed the virtue of the OSCE as a platform to bring different stakeholders together in an active dialogue. The topic of this year's Forum on 'greening the economy and building partnerships' was in the interest of all participating States. During the Sessions, the importance of co-operation in the field of trade, transport, customs and energy was underlined. Security, economic development and peace are not independent from each other. The promotion of sustainable economic and trade relationships between pS could contribute to re-building trust and confidence, thereby, strengthening security and stability in the OSCE region. This reflected the main aim of the Economic and Environmental Dimension. The recommendations provided during the three Working Group should be further integrated in the upcoming discussions throughout the Forum process as well as concrete follow-up activities to be implemented by the OCEEA and the field missions. As Dr. Busek mentioned in his speech, it was key to move from "think tanks to do tanks".

Ambassador Florian Raunig, Head of the Task Force for the 2017 Austrian OSCE Chairmanship, summarized that in the past years, discussions were held on ways how to strengthen good governance. The Ambassador highlighted that a close link was underlined

between good governance, rule of law and strong and independent institutions and political stability and security. Potential synergies of closer co-operation between public and private sector were outlined. Broad consensus was given to the role of the OSCE as a platform for strengthening private-public partnerships in the fight against corruption. Stronger economic relations in the field of trade, transport, customs and energy were crucial to re-build trust. Connectivity was seen as a good concept at different level; at a macro-level, it was needed to work on a common vision of a security community from Vancouver to Vladivostok. At a micro-level, connectivity in conflict regions could improve the living conditions of the population living in these regions in the socio-economic interest of all sides. Ambassador Raunig referred to the format of working groups as an excellent way to stimulate lively debates, which could be used for other meetings in the future. He provided information on the upcoming events, including the Concluding Meeting of the Economic and Environmental Forum, which will take place in Prague on 6 – 8 September 2017. The Ministerial Council will take in Vienna on 7 – 8 December 2017. The Economic and Environmental Dimension Implementation Meeting (EEDIM) is foreseen on 16 – 17 October in Vienna, where the focus is set on environmental aspects of security, especially on disaster risk reduction and environmental governance.

The floor was opened for statements.

Malta, on behalf of the European Union, praised the possibility to enable dialogue on good governance, business partnerships and economic participation as well as to identify possible areas for future OSCE engagement. This First Preparatory Meeting has provided a good opportunity to exchange views on issues such as combating corruption, building confidence through economic co-operation and enhance connectivity. The Ambassador emphasized the readiness to continue engaging constructively in the discussion of the Second Dimension.

A representative of the United States of America further elaborated how the OSCE could help participating States to increase security and stability through good governance, greater economic participation and economic partnerships. During the Sessions, concrete steps were discussed to prevent corruption, improve the business investment climate, economic relations and to increase economic participation, especially by women and youth. It was underlined that the focus of activities should be in areas, where consensus was reached, referring to the operational tasking of the MC Decision No. 4/16, and that the First Preparatory Meeting of the Economic and Environmental Forum has given too much attention to exploring how to integrate the Eurasian Economic Union and other parts of the OSCE area..

Mr. Andreas Stadler concluded that the Chairmanship will continue to bring different views to the Forum and to discuss these in a constructive way – also with a view to a possible MC Decision by the end of the year.

ANNEX I

Annotated Agenda



**Organization for Security and Co-operation in Europe
The Secretariat**

Vienna, 20 January 2017

25th OSCE Economic and Environmental Forum

“Greening the economy and building partnerships”

FIRST PREPARATORY MEETING

“Good Governance, Business Partnerships and Economic Participation”

**Vienna, 23-24 January 2017
OSCE Congress Centre, Hofburg, Heldenplatz, 1010 Vienna**

DRAFT AGENDA

Monday, 23 January 2017

09:30 - 11:00 Opening Session *Neuer Saal, 2nd floor*

Welcoming remarks:

- **Ambassador Michael Linhart**, Deputy Minister, Federal Ministry for Europe, Integration and Foreign Affairs, Austria
- **Ambassador Lamberto Zannier**, OSCE Secretary General
- **Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

Keynote speeches:

- **Dr. Hans Jörg Schelling**, Federal Minister of Finance, Austria
- **Ms. Tatiana Valovaya**, Member of the Board (Minister) for Integration and Macroeconomics, Eurasian Economic Commission

Moderator: Ambassador Clemens Koja, Chairperson of the OSCE Permanent Council, Permanent Representative of Austria to the OSCE, 2017 OSCE Austrian Chairmanship

Rapporteur: Ms. Sophie Surinder, Adviser, Economic and Environmental Dimension, Permanent Mission of Austria to the OSCE, 2017 OSCE Austrian Chairmanship

Statements by Delegations / Discussion

11:00 - 11:30 Coffee/Tea Break

11:30 - 13:00 **Session I: Good Governance and Corruption Prevention**
Neuer Saal, 2nd floor

Selected topics:

- Good governance and its impact on business integrity
- Corruption prevention policies
- Improvement of business and investment climate

Moderator: Ambassador Olga Algayerová, Permanent Representative of the Slovak Republic to the International Organizations in Vienna

Rapporteur: Mr. Kurban Babayev, Associate Anti-Corruption Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Speakers:

- Ambassador Bernd Borchardt, Head of OSCE Presence in Albania
- Mr. Aliaksandr Lashyn, Deputy Prosecutor General, Republic of Belarus
- Prof. Ermelinda Meksi, Deputy Co-ordinator/Head, Economic Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities
- Ms. Kari Aina Eik, Secretary General, Organization for International Economic Relations, Austria

Discussion

13:00 - 14:30 Lunch hosted by the Office of the Co-ordinator of OSCE Economic and Environmental Activities

14:30 - 16:00 **Session II: Building Economic Partnerships in the OSCE area**
Neuer Saal, 2nd floor

Selected topics:

- Connectivity after Hamburg – the way forward

- Rebuilding economic partnerships in conflict regions
- Improving economic relations in the OSCE area

Moderator: Ambassador Véronique Roger-Lacan, Permanent Representative of France to the OSCE

Rapporteur: Ms. Zukhra Bektepova, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Speakers:

- **Mr. Thomas Lenk**, Head of OSCE and Council of Europe Division, Federal Foreign Office, Germany
- **Dr. Anastasia Stepanova**, Research Scholar, International Institute for Applied Systems Analysis
- **Mr. Petros Sourmelis**, Head of Unit, Directorate E, Unit E2, Russia, CIS, Ukraine, Western Balkans, EFTA, EEA and Turkey, DG Trade, European Commission
- **Ambassador Martin Sajdik**, Special Representative of the OSCE Chairperson-in-Office in Ukraine and in the Trilateral Contact Group on the implementation of the peace plan in the East of Ukraine
- **Mr. Mykhailo Nepran**, First Vice-President, Ukrainian Chamber of Commerce and Industry, Ukraine
- **Dr. Hannes Swoboda**, President, Vienna Institute for International Economic Studies, Austria

Discussion

16:00 - 16:30 Coffee/Tea Break

16:30 -18:00 **Session III: Economic Participation for Strengthening Security**
Neuer Saal, 2nd floor

Selected Topics:

- Job and business creation
- Women in entrepreneurship
- Prevention of radicalisation

Moderator: Ambassador M. Victoria González Román, Permanent Representative of Spain to the OSCE

Rapporteur: Ms. Teresa Albano, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Speakers:

- **Dr. Erhard Busek**, Chairman, Institute for the Danube region and Middle Europe; Former Vice Chancellor of Austria and Former Coordinator, Southeast European Cooperative Initiative
- **Dr. Johannes Kopf**, Member of the Executive Board, AMS-Public Employment Service, Austria
- **Ms. Munkhtuya Altangerel**, Deputy Resident Representative of UNDP in Kazakhstan
- **Ms. Rasa Ostrauskaite**, Co-ordinator of Activities to Address Transnational Threats, OSCE
- **Ms. Maria Baumgartner**, Founder of SpeedInvest, Austria
- **Ms. Zeljka Sulc**, National Spokesperson, OSCE Mission to Bosnia and Herzegovina

Discussion

- 18:30** Reception at Alois-Mock-Saal at the Austrian Foreign Ministry, hosted by **Ambassador Clemens Koja**, Chairperson of the OSCE Permanent Council, Permanent Representative of Austria to the OSCE, 2017 OSCE Austrian Chairmanship

Tuesday, 24 January 2017

9:00 - 10:00 Opening Session *Neuer Saal, 2nd floor*

Keynote speech:

- **Mr. Hans-Georg Kramer**, Director General, Tax and Customs Administration, Tariffs and Fight Against Fraud, Federal Ministry of Finance, Austria

Moderator: **Mr. Andreas Stadler**, Minister Plenipotentiary, Deputy Head of Mission for the Economic and Environmental Dimension, Permanent Mission of Austria to the OSCE, 2017 Austrian OSCE Chairmanship

Rapporteur: **Ms. Tatiana Varacheva**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Speakers:

- **Mr. Marat Beisenov**, Director, Customs Control Department, State Revenue Committee, Kazakhstan
- **Ms. Sara Srdic**, Head of Department, Ministry of Finance, Customs Administration, Serbia
- **Mr. Alexander Eliseev**, Chief of Education, Border Management, Border Management Staff College, OSCE Office in Tajikistan
- **Ms. Bettina Vogl-Lang**, Vice-Chair of World Customs Organisations, Europe Chapter and Federal Ministry of Finance, Austria

Statements by Delegations / Discussion

The parallel Working Groups will take place in Neuer Saal/2nd floor, Ratsaal and Hall 533/5th floor.

**10:00 - 11:30 Working Group I: Good Governance and Corruption Prevention
Neuer Saal/2nd floor**

Moderator: **Ambassador Olga Algayerová**, Permanent Representative of the Slovak Republic to the International Organizations in Vienna

Rapporteur: **Mr. Uroš Milanović**, Attaché, Permanent Mission of the Republic of Serbia to the OSCE

Facilitators:

- **Prof. Ermelinda Meksi**, Deputy Co-ordinator/Head, Economic Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities

- **Mr. Andreas Wieselthaler**, Director, Federal Bureau of Anti-Corruption, Federal Ministry of the Interior, Austria
- **Mrs. Laura Sherman**, Anti-Corruption Adviser, Rule of Law & Human Rights- Economic Crime & Anti-corruption, OSCE Mission to Serbia
- **Ms. Tatjana Bojanic**, Acting Director, Serbian Institute of Standardization, Serbia

Working Group II: Building Economic Partnerships in the OSCE area
Ratsaal/5th floor

Moderator: Ambassador Véronique Roger-Lacan, Permanent Representative of France to the OSCE

Rapporteur: Ms. Claire Nantier, Counsellor, Permanent Representation of France to the OSCE

Facilitators:

- **Ms. Bettina Vogl-Lang**, Vice-Chair of World Customs Organisation, Europe Chapter and Federal Ministry of Finance, Austria
- **Ms. Natalia Mirimanova**, International Alert, Humanitarian Dialogue, Belgium
- **Mr. Marat Beisenov**, Director Customs Control Department, State Revenue Committee, Kazakhstan
- **Ms. Sara Srdic**, Head of Department, Ministry of Finance, Customs Administration, Serbia

Working Group III: Economic Participation for Strengthening Security
Hall 533/5th floor

Moderator: Ambassador M. Victoria González Román, Permanent Representative of Spain to the OSCE

Rapporteur: Mr. Luis Manuel Cuesta, Deputy Permanent Representative for Politico-military Issues, Permanent Mission of Spain to the OSCE

Facilitators:

- **Ms. Kari Aina Eik**, Secretary General, Organization for International Economic Relations, Austria
- **Ms. Jana Zabunov**, NGO „Women’s Entrepreneurship Academy“, Serbia
- **Ms. Hedda Femundsen**, Gender Coordinator, UNIDO
- **Mr. Rati Japaridze**, Economic and Environmental Activities, Economic and Environmental Officer, OSCE Programme Office in Astana
- **Ms. Zeljka Sulc**, National Spokesperson, OSCE Mission to Bosnia and Herzegovina

11:30 - 12:00	Coffee/Tea Break
12:00 - 13:00	Working Group I: Good Governance and Corruption Prevention <i>(Continued) Neuer Saal/2nd floor</i>
	Working Group II: Building Economic Partnerships in the OSCE area <i>(Continued) Ratsaal/5th floor</i>
	Working Group III: Economic Participation for Strengthening Security <i>(Continued) Hall 533/5th floor</i>
13:00 - 14:30	Lunch hosted by the 2017 Austrian OSCE Chairmanship
14:30 - 16:00	Concluding Plenary Session <i>Neuer Saal, 2nd floor</i>
	Selected Topics: <ul style="list-style-type: none"> • Presentation by Moderators of the three Working Groups: lessons learned and priority areas for future discussion and increased co-operation • Outlook to the work plan of the Economic and Environmental Committee
	Moderator: Mr. Andreas Stadler , Minister Plenipotentiary, Deputy Head of Mission for the Economic and Environmental Dimension, Permanent Mission of Austria to the OSCE, 2017 Austrian OSCE Chairmanship
	Rapporteur: Ms. Brigitte Krech , Economic and Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities
	Speakers: <ul style="list-style-type: none"> - Ambassador Olga Algayerová, Moderator of Working Group I - Ambassador Véronique Roger-Lacan, Moderator of Working Group II - Ambassador M. Victoria González Román, Moderator of Working Group III - Ambassador Kairat Sarybay, Chairperson of the OSCE Economic and Environmental Committee, Permanent Representative of the Republic of Kazakhstan to the International Organizations in Vienna - Dr. Halil Yurdakul Yiğitgüden, Co-ordinator of OSCE Economic and Environmental Activities - Ambassador Florian Raunig, Head of the Task Force for the 2017 Austrian OSCE Chairmanship

Closing Statements