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**STATEMENT OF THE HOLY SEE
TO THE
12th OSCE ECONOMIC FORUM**

by

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Mr. Chairman,

The new challenges for building up institutional and human capacity for economic development and cooperation are to be faced on the basis of the experience of the international community and taking into account what the OSCE is in condition to do.

The OSCE strategy document for the economic and environmental dimension acknowledges that liberalization and technological change have not benefited all the participating States equally, thus contributing, in some cases, to deepening economic disparities between and also within our countries. Notwithstanding the progress achieved in advancing the market economy in the OSCE area, some participating States still need assistance for transition, reforms and integration into the world economy in a fair and effective manner.

Policies adopted internally by single countries in order to build up appropriate institutional capacities are important. The future of developing countries is in their hands: in the effectiveness of their fight against corruption, for the rule of law and for transparency, in their capacity of enacting clear and adequate legislation with some tax incentives, in the national treatment for foreign investors and in modern infrastructures. No single condition can guarantee the success but a single condition missing guarantees failure. Interestingly enough, many of those conditions do correspond to commitments taken by participating states in the abovementioned OSCE strategy.

However the different conditions that must be respected in order to carry on a process of sustainable development make one fear that many countries will not be able to do so on their own.

Thus a fundamental requirement for building up an institutional capacity for economic development consists in creating adequate instruments for the redistribution of global resources. A greater supply of global public goods, those indispensable goods related to basic health conditions, environment protection, agricultural research and information technologies, must be guaranteed. This however is often beyond the possibilities of a single government. It requires a concerted effort and economic and financial investments. These goods need to be transferred without barriers to different countries since they are not just to the advantage of a single State but must be considered of interest to the international community as such.

We know that international institutions and mechanisms which might possibly favour such a transfer, are still lacking. Yet we are also aware of the fact that developed countries at the national level adopt policies aimed at correcting market failures and reduced opportunities for depressed regions. In some countries it may well be that public decision taking and the public sector itself are excessive. But the central point to be made is that on the global level the opposite is the case: institutional development has stopped at market-related structures. It is therefore important for the OSCE's economic commitment to be aware of this limitation and

therefore to promote adequate programmes of aid and redistribution. In this framework, some suggestions can be presented.

- So as to keep to its own “niche” the OSCE could favour exchange of information and solutions such as best practices among stakeholders (government bodies, universities and the business) regarding national initiatives that are “in place” and have proved to be useful in supplying for the deficiencies of the market.
- The OSCE could also advocate for analogous measures at the regional level, modelled on the national mechanisms set in place, and capable of confronting and correcting market-limitations.
- The OSCE, by means of its missions in different developing countries, could support the reforms undertaken by a transition country in the fields of higher education and vocational training to meet the new market needs and international standards.

The Holy See is confident that during the present discussion, note will be taken of what has emerged in the three preparatory seminars prior to this Forum and that practical recommendations will be drawn-up, including the implementation of previous economic environmental commitments, for the OSCE to follow.

Thank you Mr Chairman.