



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

**Astana Economic Forum  
“Sustainable Economic Growth in Post-Crisis Period”**

Astana, 1-2 July 2010

**Welcoming Remarks**

**OSCE Secretary General Marc Perrin de Brichambaut**

Mr. President,

Excellencies,

Ladies and Gentlemen,

It is an honour to take part in this distinguished and high level Economic Forum in Astana. Overcoming the consequences of the global financial and economic crisis and ensuring sustainable economic growth require the sharpest thinking and deepest engagement. This question is of vital importance to our Governments, to our societies and to our citizens.

Please allow me, Mr. President, to take this opportunity to congratulate Kazakhstan on the initiative that has inspired this event and on the will that underpins this call for debate on the core political and economic questions of our time. This event pays tribute to your vision and to the sense of responsibility that accompanies it. The OSCE community is currently benefitting from the same vision and determination.

Promoting healthy and sustainable economic growth is essential for underpinning stability and security at national, regional and international levels. These objectives lie at the core also of the Organization for Security and Co-operation in Europe.

The attention of the OSCE is not new. Since its inception during the Cold War, the OSCE has recognised the importance of healthy economic governance and development for creating the conditions for societal, State and international stability and security. The Economic Dimension has always been an integral part of the OSCE concept of comprehensive and co-operative security. It finds a central place in our founding agreements.

This is the case thirty five years ago, in the 1975 Helsinki Final Act. Twenty years ago, the participating States agreed the Bonn Concluding Document of the CSCE Conference on Economic Co-operation in Europe and the Charter of Paris for a New Europe, which took this further in a new context of deepening international co-operation and opening borders. The 1990 documents saw agreement on the principle that open, market-orientated economic systems are vital for promoting prosperity and development. The objectives were set clearly – to promote sustainable economic development and growth, to support rising living standards, to improve the quality of life and to ensure the efficient use of resources and healthy environmental policy. These goals were important in themselves. They were also vital for the stability and security of societies and States. .

In Maastricht in 2003, the OSCE participating States agreed an OSCE Strategy Document for the Economic and Environmental Dimension that refined further the work of the Economic Dimension by highlighting the mutually reinforcing benefits of healthy economic governance, sustainable development and environmental protection.

There is no question that great benefits followed for States and societies that chose to adopt this approach. In particularly positive international conditions, the last two decades saw spectacular progress for many economies. One glance from the windows of this building is enough to see shining examples of the achievements of Kazakhstan in this respect.

Recent developments are sobering. The financial crisis, economic recession and the impending fiscal crisis remind us of the fragilities and risks that are inherent also to the way that open, market-orientated economies have developed. Serious questions are also raised about the sustainability of the economic model, relying perhaps excessively on scarce and non renewable natural resources, on which industrialised countries have based their economic growth in the past, particularly if emerging economies were to follow the same path, as well as about issues of energy and food security which might become more acute in the future.

Such developments raise difficult questions to us all, including the OSCE. What do current challenges mean for the OSCE's comprehensive and multi-dimensional approach to security? Has this concept become less relevant? Unfortunately, the questions are not rhetorical.

I believe passionately that the OSCE method is more relevant today than ever before -- in the Economic Dimension and its relationship to the other dimensions of security. The key messages remain valid. In fact, today's challenges should inspire us all to undertake more determined efforts to implement them.

Excellencies,

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I will refer to three areas which underline the need for renewed efforts to implement the values of openness and co-operation that are inherent to the OSCE Economic Dimension: on regulating financial markets, on enhancing cooperation in the design and implementation of national economic policies, while ensuring that they are correctly understood by financial markets, and on maintaining the free flow of goods, capital and labour.

The liberalisation of globalised financial markets has been a trend at the forefront of economic development over the last two decades. This trend has produced great benefits for the world economy. It has also encouraged a climate allowing for the growth of unchecked instruments that led to a financial crisis in 2008 that quickly assumed global proportions.

The situation has stabilised -- thanks to exceptional efforts to deepen international co-operation and thanks to massive State intervention. The worse may have been overcome. However, growth remains far from assured. Two lessons have been learnt the hard way:

- First, there is a need for stricter rules on the financial sector to ensure the transparency and sustainability of global markets -- *while* retaining the advantages of flexible and open markets.
  
- Second, there is a need for intense co-operation between all key actors and institutions to create a framework of international governance. Appropriate nets and networks have to be created to help ensure economic security for all countries.

The G20 is an important step in the right direction. However, the risks remain significant, and tighter co-operation that touches on all aspects of economic policy, including to ensure environmental sustainability, is necessary. Recent efforts in the Eurozone to strengthen collective discipline are a case in point. In this respect, I believe that the inclusiveness as practised by the 56 OSCE participating States is a good example of how demanding and how indispensable such an approach is.

Global financial markets are severe tutors, continually appraising the creditworthiness of economic actors and making judgments on the price of the capital made available to them. Such processes occur on a global scale and almost instantaneously. Assessments, of course, are made by human beings who have their biases and are subject to collective moods.

This creates a challenge for countries both individually and collectively, as they must continually convince markets of the viability and soundness of their policies. Many factors contribute to such assessments -- fiscal rigour is one aspect, along with good governance, sound social policies and the capacity to relate to the standards of the dominating economies. In other words, governments and corporations have to convince markets and investors that they have made the right choices in combining sustainable development, social stability and political maturity.

Here again, I believe that this relates closely to message that OSCE has been putting across for years. The message that there is no security without comprehensive and inclusive policies focusing on the inherent dignity of the individual, on societal health, on environmental sustainability, on the rule of law and on good government. These elements form a whole whose

integrity relies on the healthy combination of elements; undoing the package, focusing on some elements at the expense of others is costly, and ultimately self-defeating. This, also, is the hard lesson of recent developments.

Third, facing difficult challenges, the temptation to restrict the movement of goods and people exists and is manifest. The WTO is not alone in urging against undue such restrictions. A reversal of the free flows that have benefited all economies would be detrimental to all. At the same time, this implies that trafficking and illicit trade of all kinds should be fought with great determination. Transborder criminal activities are unwelcome and worrying side-effects of globalisation. Combating these processes requires determination and intense co-operation.

Effective border management is a key element of continued prosperity as well as an integral part of conflict prevention. Central Asia holds tremendous promise in terms of new transport routes and transcontinental exchanges. Here again, Kazakhstan is showing the way for ward in its chairmanship of the OSCE.

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The crisis has led many of our participating States to review financial and fiscal policies, budgets, banking systems and socio-economic strategies. In their efforts to re-build post-crisis economies, countries are having to pay more attention to financial sector regulations, to diversification, to competitiveness, and to strengthening social safety nets, so that more of their citizens can benefit from globalization and well-functioning markets.

All of this requires an open willingness to revisit policies, to adjust structures and legal frameworks in order to adapt them to the new market conditions where there is less global liquidity and more risk aversion. Adaptivity is the core message – for individuals, for societies, and for States. Flexibility and innovation are vital for responding to the current situation in ways that contribute to overall stability and security.

The negative economic developments of last years have hit hard also the Central Asian region - especially poor and vulnerable groups. Threats to the environment are also threats to social and economic development. I see this Economic Forum as an excellent opportunity to underscore the importance of developing the investment and business climates, supported by transparency and the rule of law, that are required for sustainable long-term economic recovery.

More efforts can be made to develop new skill sets and to support innovation that can lead to new economic activities and employment opportunities. Wider use of renewable and alternative energy sources and the introduction of modern transportation systems are two pathways that are worth considering in order to achieve new results and to contribute to more sustainable and resilient growth.

In this respect, I refer here to the OSCE dialogue on transport, which is a priority of the Kazakh OSCE Chairmanship. It is important in this respect that the OSCE has organised the annual Economic and Environmental Forum process dedicated to promoting good governance at border crossings, security and facilitation of land transportation. The Economic and Environmental Forum has considered that harmonizing customs and border procedures, improving Eurasian transport links and strengthening security of transport routes are important factors to overcome the consequences of the crisis.

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Continued economic prosperity relies on good governance at all levels. Within States, all actors have to interact in a constructive and balanced way, providing a solid foundation for sound international government practices. There is need for great innovation and dynamism. Adaptivity is vital.

This includes also the need to for the updating of core reference agreements. In this respect, it may be worth considering the 2003 OSCE Maastricht Strategy as a work in progress in order to make the most of the innovation and co-operation that current economic challenges require. The Maastricht Strategy stated that “the outcome of globalization depends on policy choices adopted by our governments and international institutions and on the responses of the private sector and civil society.” This compact of the private sector, civil society, government, and international organization remains vital.

Thank you for your attention.