



Organization for Security and Co-operation in Europe

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P O R T O

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2002

# **Tenth Meeting of the Ministerial Council**

## **6 and 7 December 2002**

**Porto Ministerial Declaration**

**OSCE Charter on Preventing and Combating Terrorism**

**Declaration on Trafficking in Human Beings**

**Statements by the Ministerial Council**

**Decisions of the Porto Ministerial Council Meeting**

**Reports to the Porto Ministerial Council Meeting**

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## **I. PORTO MINISTERIAL DECLARATION**





## PORTO MINISTERIAL DECLARATION

### Responding to Change

1. We, the Ministers for Foreign Affairs of the participating States of the Organization for Security and Co-operation in Europe, have met in Porto and reaffirmed our determination to work together to protect our peoples from existing and emerging threats to security. The evolving political, security and economic environment creates new challenges for the OSCE. As we advance in the new century, we see these challenges more clearly and the OSCE's unique contribution to an international community in which all nations and individuals can feel secure becomes ever more valuable. We have a historic opportunity to consolidate lasting peace, prosperity and democracy throughout a Europe which is becoming ever more united.
2. We reaffirm our commitment to promote security and co-operation throughout an OSCE area with no dividing lines, by building mutual confidence and working together to resolve security issues in a spirit of transparency and partnership. Our efforts will be complemented by those of other international organizations and institutions with which we will co-operate closely, on the basis of the Platform for Co-operative Security.
3. At the same time, our Organization must develop new responses to the changing nature of the threats to our security, embracing and enhancing all three dimensions of our comprehensive approach. Our efforts to promote peace and stability must go hand in hand with our determination to ensure full respect for human rights, fundamental freedoms and the rule of law, and to reinforce the conditions essential for sustainable development in all our States.
4. Terrorism, as recent terrorist acts like the hostage-taking in Moscow demonstrate, remains a threat to individual and global security. The Charter on Preventing and Combating Terrorism which we have adopted today sets out the principles of our common approach to terrorism. Last year, in Bucharest, following the events of 11 September, we adopted a Plan of Action for Combating Terrorism, and today we have decided to further intensify our efforts to implement it.
5. In order to ensure that the OSCE can effectively respond to present and future demands, we have concluded that it should continue to develop during 2003 a strategy to address threats to security and stability in the twenty-first century. The OSCE Annual Security Review Conference, on which we have decided today, will provide a framework for enhancing security dialogue and for reviewing security work undertaken by the OSCE and its participating States. We have also decided to review the OSCE role in peacekeeping operations, with a view to assessing the OSCE's capacity and identifying options for its involvement in this field.
6. Good policing can make a major contribution to security and stability. We confirm that the OSCE should continue to develop its capacity to assist participating States wishing to strengthen their policing skills and we encourage participating States to provide the necessary resources.
7. Today we have decided to develop a new strategy during 2003 to enhance the OSCE's Economic and Environmental Dimension that will set out the objectives, principles, criteria

and methods of OSCE activities in this area, including improved co-operation on environmental issues.

Security and stability can be threatened by economic and environmental factors. The catastrophe caused by the loss of the oil tanker Prestige a hundred miles offshore from our meeting place painfully reminds us of the need to protect the marine environment against oil pollution and its consequences for the local population. We call on participating States, the International Maritime Organization and other relevant international organizations to enhance their efforts to ensure the protection of the marine environment against such disasters by strengthening co-operation on the prevention, reduction and control of pollution by oil on the basis of full respect for international law.

8. The Human Dimension remains at the core of the activities of the Organization. The new modalities for the OSCE Human Dimension Implementation meetings adopted this year will further enhance the effectiveness of the work of the Organization and its institutions. We have agreed to revise and update the OSCE Plan of Activities to Combat Trafficking in Human Beings. The promotion of tolerance and non-discrimination, on which we have adopted a separate decision, is a high priority. We have also adopted a decision on election commitments and we will co-operate further in this field.

9. We recognize the significant contribution of our institutions and field operations, through their dedicated staff, in putting into practice the goals and principles of our Organization, in co-operation with host States. We task the Permanent Council to consider, as appropriate, ways of further improving the functioning and effectiveness of field operations.

10. Not all the challenges facing the OSCE are new. We remain concerned over the persistence of conflicts in various regions in the OSCE area that threaten the observance of the OSCE principles and have an impact on peace and stability. We commit ourselves to intensify our efforts to resolve these conflicts.

11. We welcome the significant progress made towards the fulfilment of the commitments undertaken at the 1999 Istanbul Summit, and look forward to early full implementation of these commitments by all the parties concerned.

12. We commend the work done this year on improving the management of the Organization. We task the Permanent Council, through the working group on OSCE reform, to continue consideration of the remaining issues as set out in the relevant Chairmanship's report and to take appropriate decisions in 2003. We also task the Permanent Council to continue its work on OSCE legal status and privileges and immunities.

13. Arms control and confidence- and security-building measures remain indispensable to our comprehensive approach to security. We welcome the decisions of the Forum for Security Co-operation on enhancing implementation of the OSCE Document on Small Arms and Light Weapons; on dealing with the risks arising from stockpiles of surplus ammunition and explosives; and on strengthening the role of the Code of Conduct on Politico-Military Aspects of Security in the fight against terrorism. We task the Forum to contribute to common responses to existing and emerging security challenges.

14. We welcome the first year of successful implementation of the Treaty on Open Skies. We recall that all OSCE participating States may apply for accession to the Treaty. We take

note that the applications of a number of OSCE participating States have already been approved by the States Parties or are on the agenda of the Open Skies Consultative Commission.

15. We will continue to foster co-operation and dialogue with our Mediterranean Partners for Co-operation and with Japan, the Republic of Korea and Thailand. We look forward to their continued active and goal-oriented participation in the work of the OSCE on subjects of common concern.

16. The OSCE has a unique role in promoting democracy, peace and stability throughout its region. It builds confidence through dialogue and transparency, strengthens civil society, addresses the root causes of threats to stability, establishes principles and commitments and promotes their implementation. It also provides practical assistance for States to reinforce their institutions to face new challenges. This role is more important than ever in the new security environment. Today, we express our determination to strengthen the Organization and to adapt it to changing circumstances.

#### **Attachment to Porto Ministerial Declaration**

### **INTERPRETATIVE STATEMENT UNDER PARAGRAPH 79 (CHAPTER 6) OF THE FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of the Netherlands (also on behalf of Belgium, Canada, the Czech Republic, Denmark, France, Germany, Greece, Hungary, Iceland, Italy, Luxembourg, Norway, Poland, Portugal, Spain, Turkey, the United Kingdom and the United States of America):

“In relation to paragraph 11 of the Ministerial Declaration and the Statements of the Ministerial Council on Moldova and Georgia, we would like to read out paragraph 15 of the Prague Summit Declaration of NATO countries on 21 November 2001.

‘We remain committed to the CFE Treaty and reaffirm our attachment to the early entry into force of the Adapted Treaty. The CFE regime provides a fundamental contribution to a more secure and integrated Europe. We welcome the approach of those non-CFE countries, which have stated their intention to request accession to the Adapted CFE Treaty upon its entry into force. Their accession would provide an important additional contribution to European stability and security. We welcome the significant results of Russia’s effort to reduce forces in the Treaty’s Article V area to agreed levels. We urge swift fulfilment of the outstanding Istanbul commitments on Georgia and Moldova, which will create the conditions for Allies and other States Parties to move forward on ratification of the Adapted CFE Treaty’.”



## **II. OSCE CHARTER ON PREVENTING AND COMBATING TERRORISM**



## **OSCE CHARTER ON PREVENTING AND COMBATING TERRORISM**

The OSCE participating States, firmly committed to the joint fight against terrorism,

1. Condemn in the strongest terms terrorism in all its forms and manifestations, committed no matter when, where or by whom and reiterate that no circumstance or motive can justify acts of or support for terrorism;
2. Firmly reject identification of terrorism with any nationality or religion and reaffirm that action against terrorism is not aimed against any religion, nation or people;
3. Recognize that terrorism requires a co-ordinated and comprehensive response and that acts of international terrorism, as stated in the United Nations Security Council resolution 1373 (2001), constitute a threat to international and regional peace and security;
4. Declare that acts, methods and practices of terrorism, as well as knowingly providing assistance to, acquiescing in, financing, planning and inciting such acts, are contrary to the purposes and principles of the United Nations and the OSCE;
5. Consider of utmost importance to complement the ongoing implementation of OSCE commitments on terrorism with a reaffirmation of the fundamental and timeless principles on which OSCE action has been undertaken and will continue to be based in the future, and to which participating States fully subscribe;
6. Reaffirm their commitment to take the measures needed to protect human rights and fundamental freedoms, especially the right to life, of everyone within their jurisdiction against terrorist acts;
7. Undertake to implement effective and resolute measures against terrorism and to conduct all counter-terrorism measures and co-operation in accordance with the rule of law, the United Nations Charter and the relevant provisions of international law, international standards of human rights and, where applicable, international humanitarian law;
8. Reaffirm that every State is obliged to refrain from harbouring terrorists, organizing, instigating, providing active or passive support or assistance to, or otherwise sponsoring terrorist acts in another State, or acquiescing in organized activities within its territory directed towards the commission of such acts;
9. Will co-operate to ensure that any person who wilfully participates in financing, planning, preparing or perpetrating terrorist acts, or in supporting such acts, is brought to justice and, to that end, will afford one another the greatest measure of assistance in providing information in connection with criminal investigations or criminal extradition proceedings relating to terrorist acts, in accordance with their domestic law and international obligations;
10. Will take appropriate steps to ensure that asylum is not granted to any person who has planned, facilitated or participated in terrorist acts, in conformity with relevant provisions of national and international law, and through the proper application of the exclusion clauses contained in the 1951 Convention Relating to the Status of Refugees and its 1967 Protocol;

11. Recognize that the relevant United Nations conventions and protocols, and United Nations Security Council resolutions, in particular United Nations Security Council resolution 1373 (2001), constitute the primary international legal framework for the fight against terrorism;
12. Recognize the importance of the work developed by the United Nations Security Council Counter-Terrorism Committee and reaffirm the obligation and willingness of participating States and the OSCE to co-operate with this Committee;
13. Recall the OSCE's role as a regional arrangement under Chapter VIII of the United Nations Charter, and its obligations in this context to contribute to the global fight against terrorism;
14. Recall their Decision on Combating Terrorism and its Plan of Action for Combating Terrorism, adopted at the Ninth Meeting of the OSCE Ministerial Council in Bucharest and reaffirm the commitments contained therein;
15. Take note with satisfaction of the Declaration and the Programme of Action adopted at the Bishkek International Conference on Enhancing Security and Stability in Central Asia: Strengthening Comprehensive Efforts to Counter Terrorism, held on 13 and 14 December 2001;
16. Reiterate the commitment undertaken in the framework of the Charter for European Security, including the Platform for Co-operative Security, adopted at the Istanbul Summit, to co-operate more actively and closely with each other and with other international organizations to meet threats and challenges to security;
17. Underscore that the prevention of and fight against terrorism must be built upon a concept of common and comprehensive security and enduring approach, and commit to using the three dimensions and all the bodies and institutions of the OSCE to assist participating States, at their request, in preventing and combating terrorism in all its forms;
18. Undertake to fulfil their obligation, in accordance with the United Nations conventions, protocols and Security Council resolutions, as well as other international commitments, to ensure that terrorist acts and activities that support such acts, including the financing of terrorism, are established as serious criminal offences in domestic laws;
19. Will work together to prevent, suppress, investigate and prosecute terrorist acts, including through increased co-operation and full implementation of the relevant international conventions and protocols relating to terrorism;
20. Are convinced of the need to address conditions that may foster and sustain terrorism, in particular by fully respecting democracy and the rule of law, by allowing all citizens to participate fully in political life, by preventing discrimination and encouraging intercultural and inter-religious dialogue in their societies, by engaging civil society in finding common political settlement for conflicts, by promoting human rights and tolerance and by combating poverty;



21. Acknowledge the positive role the media can play in promoting tolerance and understanding among religions, beliefs, cultures and peoples, as well as for raising awareness of the threat of terrorism;
22. Commit themselves to combat hate speech and to take the necessary measures to prevent the abuse of the media and information technology for terrorist purposes, ensuring that such measures are consistent with domestic and international law and OSCE commitments;
23. Will prevent the movement of terrorist individuals or groups through effective border controls and controls relating to the issuance of identity papers and travel documents;
24. Recognize the need to complement international co-operation by taking all necessary measures to prevent and suppress, in their territories through all lawful means, assistance to, and the financing and preparation of, any acts of terrorism, and to criminalize the wilful provision or collection of funds for terrorist purposes, in the framework of their obligations under the International Convention for the Suppression of the Financing of Terrorism and relevant Security Council resolutions;
25. Reaffirm their commitment to fulfil their international obligations, as set out in United Nations Security Council resolutions 1373 (2001) and 1390 (2002), and in particular to freeze the assets of those designated by the Committee established pursuant to United Nations Security Council resolution 1267 (1999);
26. Note with concern the links between terrorism and transnational organized crime, money laundering, trafficking in human beings, drugs and arms, and in this regard emphasize the need to enhance co-ordination and to develop co-operative approaches at all levels in order to strengthen their response to these serious threats and challenges to security and stability;
27. Declare their determination to use in good faith all relevant instruments available within the politico-military dimension of the OSCE, as represented by the Forum for Security Co-operation, and emphasize the importance of fully implementing these instruments in particular, the Code of Conduct on Politico-Military Aspects of Security and the OSCE Document on Small Arms and Light Weapons;
28. Reaffirm that arms control, disarmament and non-proliferation remain indispensable elements of co-operative security between States; that they can also make an essential contribution by reducing the risk of terrorists gaining access to weapons and materials of mass destruction and their means of delivery;

Express determination to combat the risk posed by the illicit spread of and access to conventional weapons, including small arms and light weapons;

Will make every effort to minimize those dangers through national efforts and through strengthening and enhancing the existing multilateral instruments in the fields of arms control, disarmament and non-proliferation including the OSCE Principles Governing Non-Proliferation and to support their effective implementation and, where applicable, universalization.



**III. DECLARATION ON TRAFFICKING  
IN HUMAN BEINGS**



## **DECLARATION ON TRAFFICKING IN HUMAN BEINGS**

### **I.**

We, the members of the Ministerial Council of the OSCE, declare that trafficking in human beings represents a dangerous threat to security in the OSCE area and beyond.

We declare that trafficking in human beings and other modern forms of slavery constitute an abhorrent violation of the dignity and rights of human beings.

We recognize that trafficking in human beings represents a serious and rapidly expanding area of transnational organized crime, generating huge profits for criminal networks that may also be associated with criminal acts such as trafficking in drugs and arms, as well as smuggling of migrants.

We recall and reaffirm our full adherence to the OSCE's commitments to combating trafficking in human beings, as reflected in the Moscow Document of 1991, the Charter for European Security adopted in Istanbul in 1999, Ministerial Council Decision No. 1 adopted in Vienna in 2000, Permanent Council Decision No. 426 and Ministerial Council Decision No. 6 adopted in Bucharest in 2001, and declare our determination to strengthen co-operation in addressing trafficking in human beings in countries of origin, transit and destination.

We reaffirm our determination to combat all forms of trafficking in human beings and call on States that have not done so to consider ratifying or acceding to the United Nations Convention Against Transnational Organized Crime and to its supplementary Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, and to take into account the definition of trafficking in human beings given in the said Protocol. We declare that ratification and full implementation of both these instruments would enhance the international and national legal framework and enforcement capacities for combating trafficking in human beings. We strongly encourage States to consider concurrent ratification and full implementation of the Protocol Against the Smuggling of Migrants by Land, Sea and Air, also supplementing the above-mentioned Convention.

We reaffirm our support for the ODIHR's Anti-Trafficking and Gender Issues units and favour an increased involvement of the ODIHR's Contact Point for Roma and Sinti Issues. We also reaffirm our support for OSCE field operations and the OSCE Secretariat, especially the OSCE Adviser on Gender Issues. We commend them for their comprehensive approach and for facilitating national efforts in prevention of trafficking in human beings, prosecution of its perpetrators and protection and assistance to victims.

We also support the work of the Stability Pact Task Force on Trafficking in Human Beings under the auspices of the OSCE. We commend its role as a driving force for the promotion of regional co-operation and the development of relevant initiatives.

### **II.**

We recognize the need to address root causes of trafficking and to reduce the economic and social inequalities and disadvantages, which also provoke illegal migration,

and which may be exploited by organized criminal networks for their profit. We also recognize the need to fight corruption, which facilitates the operation of such networks. We recommend that the Office of the Co-ordinator of OSCE Economic and Environmental Activities play an increased role in addressing all economic aspects of trafficking in human beings.

We recognize that, in countries of destination, demand for the activities of persons trafficked for the purposes of sexual exploitation, forced labour, slavery or other practices similar to slavery is an integral factor in trafficking in human beings. We urge countries of destination to take measures to effectively address such a demand as a key element in their strategy for effectively preventing and combating trafficking in human beings, and to exercise zero tolerance towards sexual exploitation, slavery and all forms of exploitation of forced labour, irrespective of its nature.

We are deeply concerned about reports of involvement by some mission members of international organizations in activities related to trafficking in human beings, particularly in post-conflict countries. We reiterate the importance of Permanent Council Decision No. 426, of 12 July 2001, on trafficking in human beings and encourage the adoption and implementation of relevant measures such as the "OSCE Code of Conduct for Mission Members". We will not tolerate international staff members being involved in any illegal activities, inciting this criminal trade or behaving in contravention of this Code of Conduct. We commit ourselves to take all practicable measures to ensure the accountability of international staff members to their respective national, and when appropriate local, authorities for such activities.

We express our concern about the increase in trafficking in minors and, recognizing the special needs of children, we support more research and exchange of information on trafficking in children and, with due regard to the best interest of the child as the primary consideration in all actions concerning children, call for the elaboration of special measures to protect trafficked minors from further exploitation, mindful of their psychological and physical well-being.

We will strive for adequate measures to prevent trafficking in human beings in our countries, taking the form, *inter alia*, of target-oriented awareness raising campaigns and education in countries of origin and transit, directed in particular towards youth and other vulnerable groups, and will seek to develop appropriate campaigns in countries of destination, to organize training for relevant officials and government employees in the areas of law enforcement, border control, criminal justice and social services, and to recommend full co-operation with NGOs in this field.

We will strive to render assistance and protection to the victims of trafficking, especially women and children, and to this end, when appropriate, to establish effective and inclusive national referral mechanisms, ensuring that victims of trafficking do not face prosecution solely because they have been trafficked. The dignity and human rights of victims must be respected at all times. We will consider adopting appropriate measures, such as shelters, and establishing appropriate repatriation processes for the victims of trafficking, with due regard to their safety, including the provision of documents; and developing policies concerning the provision of economic and social benefits to victims, as well as their rehabilitation and reintegration in society.

We recognize that intensified co-operation among relevant actors in countries of origin, transit and destination plays a critical role in the return programmes for victims of trafficking and facilitates their reintegration. Therefore, we encourage all organizations providing assistance to victims, including NGOs, to further develop such co-operation.

We will consider adopting legislative or other measures that permit victims of trafficking to remain in our territory, temporarily or permanently, in appropriate cases, and giving consideration to humanitarian and compassionate factors.

We call on participating States to enhance international co-operation in combating transnational organized crime, including criminal acts such as trafficking in drugs and arms, as well as smuggling of migrants. Such co-operation should include international law enforcement bodies, such as Europol and Interpol, as well as the Southeast European Co-operative Initiative (SECI), with a view to investigating and prosecuting those responsible for trafficking in human beings in accordance with domestic law and, where applicable, international obligations. In this regard, we ask that the Senior Police Adviser should devote increased attention to the fight against trafficking in human beings.

We reiterate the need for national strategies in order to unite efforts directed towards combating trafficking in human beings and to enhance co-ordination among national, international and regional organizations in this field. This need could be met through measures such as appointing inter-ministerial bodies and national co-ordinators or, as appropriate, other relevant bodies or mechanisms.

### **III.**

We agree to intensify co-operation, based on a multidimensional approach, among the relevant OSCE structures and institutions, as well as among the OSCE and other relevant international organizations and actors, including the United Nations and its specialized agencies, the Council of Europe, the European Union and the International Organization for Migration, and task the Permanent Council with examining how better to assure such a co-operation with a view to combating trafficking in human beings.

We task the Permanent Council, through the informal Working Group on Gender Equality and Anti-Trafficking in Human Beings, with revising the Proposed OSCE Action Plan 2000 for Activities to Combat Trafficking in Human Beings and to elaborate a new draft for further appropriate action by 25 July 2003.

We task the Chairmanship-in-Office and the Permanent Council with using existing OSCE bodies and fora to exchange information, review commitments and share best practices on combating trafficking in human beings, as well as with promoting regular participation by experts representing relevant national institutions and bodies, as well as representatives of partner international organizations and NGOs.





**IV. STATEMENTS BY THE  
MINISTERIAL COUNCIL**



## STATEMENTS BY THE MINISTERIAL COUNCIL

### (1)

1. Reviewing OSCE involvement in South-Eastern Europe in 2002, we commend the countries of the region for their endeavours to further consolidate security, stability and democracy and we welcome positive developments in this regard. The OSCE has continued to assist in fostering peace and stability in the region and we reiterate our commitment to support the countries of the region in their path towards peace and prosperity. We also take note of their firm commitment for integration into European and Euro-Atlantic structures. We recognize that responsibility for political and economic progress rests mainly with the authorities and people of the region, and in this regard we welcome improved good neighbourly relations and enhanced regional co-operation. We will continue to work to make progress irreversible and self-sustaining and to realize common goals, based on common commitments and values.

2. Reiterating our adherence to the Helsinki Final Act, the Charter of Paris and the 1999 Istanbul Charter for European Security, we fully support the territorial integrity and the inviolability of borders of the States in South-Eastern Europe. We welcome the efforts displayed by the governments, together with the OSCE and other international organizations to maintain peace and enhance security and stability in former crisis areas. We expect full compliance with all international obligations and reaffirm our commitment to the full implementation of United Nations Security Council resolution 1244. We stand ready to continue to play an active role in the United Nations Interim Administration Mission in Kosovo and to assist the Provisional Institutions of Self-Government in Kosovo, Federal Republic of Yugoslavia. We look forward to a rapid adoption of the Constitutional Charter of Serbia and Montenegro and subsequent implementation. We commend and encourage further sustained efforts by the international community and the authorities of Bosnia and Herzegovina aimed at increasing local ownership of the reform process in the country through implementation of the General Framework Agreement for Peace in Bosnia and Herzegovina (Dayton/Paris Peace Accords).

3. We reiterate our support for the efforts of the countries of the region to build multiethnic societies based on the strengthening of democratic institutions and the rule of law, respect for human rights and fundamental freedoms, including the rights of persons belonging to national minorities. We encourage concerned countries in the region to adopt and implement legislation on national minorities consistent with their international commitments and with the recommendations of the OSCE/High Commissioner on National Minorities. We believe that the development of an effective, non-discriminatory educational system is an essential tool for reconciliation, and welcome an enhanced role of the OSCE in this area in Bosnia and Herzegovina.

4. We welcome the development of and look forward to the implementation of initiatives aimed at enhancing regional co-operation on issues related to refugees and internally displaced persons and encourage additional steps by the countries concerned to facilitate sustainable solutions to their plight, including the full exercise of their rights to return home and to repossess their properties throughout the region.

5. We welcome progress towards establishing stable and democratic institutions in the region. We are pleased that elections, monitored by the OSCE/Office for Democratic Institutions and Human Rights, were conducted largely in accordance with international standards. The OSCE has successfully organized elections in Kosovo, Federal Republic of Yugoslavia. We encourage the countries concerned to take further steps to amend their electoral legislation in line with OSCE/ODIHR recommendations.
6. The OSCE, through its institutions, field operations and other co-operative instruments, will continue to do its part to strengthen international co-operation in the region, in accordance with the Platform for Co-operative Security, and to provide assistance to the countries of the region in their efforts to meet current and new challenges to security and stability. We welcome initiatives by the countries in the region towards increased regional co-operation and encourage them to strengthen efforts in this respect. We remain committed to working together with the countries in the region in tackling the threats of terrorism, organized crime, corruption, illegal immigration and trafficking in arms, narcotic drugs and human beings. We reiterate our support for the work of the Stability Pact Task Force on Trafficking in Human Beings. The OSCE stands ready to co-operate with the countries of the region and other institutions or organizations to enhance border security.
7. We welcome the enhanced engagement of the OSCE in police activities as requested by the countries of the region, including developing tools in the fight against organized crime in its regional dimension. We are pleased in particular with the progress that has been made in the implementation of joint programmes of multiethnic police training and community policing. We welcome the establishment of a European Union Police Mission in Bosnia and Herzegovina, in succession of the United Nations International Police Task Force.
8. While remaining committed to assist the countries in tackling the challenges of economic transition and modernization, we recognize that the main vehicles for external support to the region are the European Union's Stabilization and Association Process and the Stability Pact for South Eastern Europe, which works in complementarity to it and is under the auspices of the OSCE. We welcome the closer, mutually reinforcing co-operation between the OSCE and the European Union in the region. We confirm our commitment to the Stability Pact and welcome the activities carried out by the South-East European Co-operation Process and other regional initiatives and organizations and we encourage closer links between them and the Stability Pact.
9. We welcome the commitment of the countries in the region to fulfil their international obligations. We expect full and comprehensive co-operation by all with the International Criminal Tribunal for the former Yugoslavia (ICTY) and encourage the countries concerned to take all necessary steps in this regard. All those indicted by the Tribunal must, without exception, be turned over to the ICTY authorities to stand trial, and access to witnesses and archives should be guaranteed. We welcome the involvement of local courts in processing war crimes as envisaged by the ICTY.
10. We welcome the continued work of the OSCE in assisting in the implementation of Articles II and IV of Annex 1-B of the Dayton/Paris Peace Accords. We encourage the parties of Article II to continue their voluntary activities, particularly in developing procedures allowing the entity armed forces to assist one another in cases of man-made or natural disaster. While welcoming progress made under Article IV, we encourage the parties to resolve issues related to the amount of heavy weapons held in exempted categories that

allows them to have equipment above permitted ceilings. We welcome the first meeting of the Commission implementing the Concluding Document of the Negotiations under Article V of Annex 1-B of the Dayton/Paris Peace Accords, and stand ready to support its future work.

11. We call on the countries of the region to develop and implement effective arms exports regimes in line with OSCE principles and documents, including the OSCE Document on Small Arms and Light Weapons. We welcome the co-operation with the Stability Pact in addressing problems such as those posed by the excessive and destabilizing accumulation and uncontrolled spread of small arms and light weapons.

(2)

1. The OSCE welcomes the valuable contributions made by the Central Asian participating States to strengthen stability and security in the region through their efforts undertaken together with the international community to stabilize the situation in Afghanistan. In this context, the Central Asian countries play an indispensable role in countering the specific security issues in the region and in promoting political and economic development.

2. We share the concerns of the Central Asian participating States about the security situation in the region including threats such as international terrorism, organized crime, drugs and arms trafficking. We will continue to work together with Central Asian participating States to address these concerns. In 2002, the OSCE has been steadily working towards implementation of the Bucharest Plan of Action and the Bishkek Programme of Action adopted in December 2001. The OSCE, its institutions and field operations, support the determined efforts of the Central Asian participating States to combat and prevent terrorism, on the basis of the principles contained in those documents.

3. We welcome the efforts by the Central Asian States to develop their co-operation with the OSCE. While maintaining the attention paid to the human dimension, we will strive to achieve a better balance among the three dimensions of the OSCE's approach to security, both at policy and project levels. In this respect, we acknowledge the crucial importance of strengthening our activities in the economic and environmental dimension as a basis also for effective political and social reforms. We will enhance co-ordination with other international organizations and institutions active in the region, including the European Union, as an essential factor in this. Further support by the OSCE for political, economic, ecological and social reforms will contribute to stability and prosperity in the region. We note in particular that the ecological crisis of the Aral Sea has a negative effect on sustainable development and creates a threat to stability and security in the wider region.

4. We encourage the efforts of the Central Asian participating States to pursue reforms aimed at political and economic development in their respective countries in the fulfilment of all OSCE commitments in the three dimensions. Efforts by the OSCE, its bodies and institutions to support the endeavours of the Central Asian participating States in strengthening democracy and its institutions, reinforcing the rule of law and promoting prosperity through the development of market economies will continue.

(3)

1. We are deeply concerned that in spite of the efforts undertaken by the Republic of Moldova and mediators from the OSCE, the Russian Federation and Ukraine no progress was achieved in 2002 towards negotiation of a comprehensive political settlement of the Transnistrian problem. We reaffirm that in the resolution of this conflict the sovereignty and territorial integrity of the Republic of Moldova must be ensured. In this context, we underline the important role of the mediators in facilitating resumption of the negotiation process within the existing five-sided format and we especially welcome their settlement proposal, known as the Kiev Document, which has been adopted as the basis for the negotiation on the status of the Transnistrian region of the Republic of Moldova.

2. We regret that, notwithstanding all these efforts, the Transnistrian side continues to obstruct the negotiation process. In this respect, we welcome the readiness of all relevant parties to promote a lasting political settlement.

3. We welcome timely completion of withdrawal of the Russian CFE Treaty limited equipment from Transnistrian region of the Republic of Moldova.

4. We also welcome the efforts made by the Russian Federation to fulfil the commitments undertaken at the OSCE Istanbul Summit in 1999 to complete the withdrawal of Russian forces from the territory of Moldova by the end of 2002. We note that some progress was achieved in 2002 in the withdrawal/disposal of a certain amount of ammunition and other military equipment belonging to the Russian Federation.

5. We are however concerned about the delay in the full and transparent withdrawal/disposal of Russian ammunition and military equipment due in part to the fact that the Transnistrian authorities have systematically created difficulties and obstacles, which are unacceptable.

6. We appreciate the efforts of all participating States of the OSCE which have contributed to the Voluntary Fund to allow the OSCE to assist the Russian Federation in the fulfilment of its 1999 OSCE Istanbul Summit commitments. We welcome the Russian Federation's commitment to complete the withdrawal of Russian forces as early as possible and its intention to do so by 31 December 2003, provided necessary conditions are in place. We encourage the participating States of the OSCE to continue their support for withdrawal/disposal of ammunition and other military equipment by the Russian Federation by appropriate political measures and by making initial or additional contributions to the Voluntary Fund established for that purpose, based on regular reports by the OSCE Mission to Moldova.

(4)

1. We remain deeply concerned at the failure to achieve a settlement of the Nagorno-Karabakh conflict despite the intensified dialogue between the parties and the active support of the Minsk Group Co-Chairmen. We reaffirm that the prompt resolution of this protracted conflict will contribute to lasting peace, security, stability and co-operation in the South Caucasus region.
2. We reiterate the importance of continuing the peace dialogue and call upon the sides to continue their efforts to achieve an early resolution of the conflict based on norms and principles of international law. We also encourage the parties to explore further measures that would enhance mutual confidence and trust.
3. We welcome the commitment of the parties to the ceasefire and to achieving a peaceful and comprehensive settlement. We welcome in particular the continued meetings of the Presidents of Armenia and Azerbaijan and of their Special Representatives. We encourage the parties to continue their efforts, with the active support of the Co-Chairmen, aimed at reaching a just and enduring settlement.

(5)

1. We reiterate our firm commitment to support the independence, sovereignty and territorial integrity of Georgia and reaffirm previous OSCE Summit and Ministerial Council documents concerning Georgia.
2. We state with regret that in recent months the positive dynamics of the peaceful process in the Tskhinvali Region/South Ossetia have been considerably disturbed for a number of reasons, and note the importance of adherence to the principles of peaceful settlement of the Georgian-Ossetian conflict as set forth in the Sochi Agreement of 24 June 1992. We support the efforts of the Joint Control Commission on stabilization of the situation, and commend the constructive meeting of expert groups within the framework of the continuation of the political settlement process, held from 27 to 29 October 2002 in Castelo Branco and Lisbon on the initiative of the OSCE acting Chairman, with a mediatory role played by the Russian Federation and with the participation of the OSCE Mission to Georgia. We note that all sides reaffirmed the role of previous expert groups meetings and of the discussion of various aspects of the political settlement, in particular of the draft intermediary document, in broadening the basis for the search of mutually acceptable ways of settling the conflict. We encourage the sides to promote dialogue and increase efforts at all levels to facilitate political negotiations and the return of refugees and internally displaced persons (IDPs), which makes a speedy adoption of a legal framework for refugees' and displaced persons' housing and property restitution essential. We commend the EU financial support in sustaining the negotiations dynamics and its desire to participate in the economic rehabilitation which is imperative in achieving progress towards a full-scale settlement. We support allocation of large-scale economic assistance into key areas and are in favour of sending an international needs assessment mission to the region.
3. We commend the establishment of the Special Co-ordination Centre on interaction between law enforcement bodies of the parties aimed at combating criminality, and call for continued support of its activities by the international community.

4. We commend the activities of the Joint Peacekeeping Force (JPKF) Command and the OSCE Rapid Reaction Programme addressing basic Georgian and Ossetian communities' needs in exchange for arms and munitions, voluntarily handed over to the JPKF. We look forward to further progress in 2003, building on the greater understanding between the parties particularly on defining the political status of the Tskhinvali region/South Ossetia within the State of Georgia.

5. We commend and support the efforts of the United Nations in Abkhazia, Georgia, and its leading role in the negotiations aimed at peaceful settlement of the conflict on the basis of preservation of the territorial integrity of Georgia and protection of rights of all those involved in this conflict.

6. We regret that no substantial progress has been noted in overcoming the precarious stalemate that remains on the core issue of the Georgian-Abkhazian conflict - the future status of Abkhazia within the State of Georgia. In this context we call upon the parties in the conflict to resume constructive dialogue and, without predetermining their final agreements, we hope both parties, in particular the Abkhazian side, will accept the document on the distribution of constitutional competencies between Tbilisi and Sukhumi that has been elaborated under United Nations auspices and should become the basis for substantive negotiations. The OSCE stands ready to actively participate in all efforts of the international community aimed at reaching a peaceful settlement of the conflict.

7. We welcome the signs of reducing tension and enhancing stability in the region, particularly facilitated by the joint UNOMIG-CISPKF patrolling of the Kodory Gorge. To enhance this positive trend the parties should implement in good faith all existing agreements, including particularly the Moscow Agreement on Ceasefire of 14 May 1994, and mutual confidence between them should be restored. The general security and human rights situation in Abkhazia, Georgia, remains fragile, particularly in the Gali District. In this respect, the OSCE stands ready to actively support efforts to promote respect for human rights and fundamental freedoms, monitoring a future agreement on the return of refugees and IDPs which have been forced to move from places of their permanent residence as a result of mass destruction and forcible expulsion.

8. We urge the implementation of the recommendations of the United Nations-led Joint Assessment Mission concerning, *inter alia*, the opening of a branch office in the Gali District, with the same mandate and modalities as the existing United Nations Human Rights Office in Sukhumi, to which a OSCE human rights officer is seconded. In this context, the OSCE is ready to further its projects in Abkhazia, Georgia, in the field of human dimension.

9. In accordance with the 1999 OSCE Istanbul Summit commitments, we support the desire of the parties to complete negotiations regarding the duration and modalities of the functioning of the Russian military bases at Batumi and Akhalkalaki and the Russian military facilities within the territory of Georgia. We take note of the transparent visit of the OSCE military experts to the Gudauta base in Abkhazia, Georgia, which was a milestone on the way to a speedy and legal transfer of the Gudauta facilities. We commend the successful conclusion of the Melange Project - aimed at neutralization of missile fuel into fertilizer for the acid soil in Western Georgia, administered by the OSCE. We urge the participating States to continue to contribute to the voluntary fund.



10. Taking into account security concerns in the region, we acknowledge the significant contribution to stability and confidence in the region made by the OSCE Border Monitoring Operation along the border between Georgia and the Chechen and the Ingush Republics of the Russian Federation. We direct the Permanent Council to examine proposals to extend the Border Monitoring Operation to the Georgian border with the Dagestan Republic of the Russian Federation.

**Attachment 1 to Statements**

**INTERPRETATIVE STATEMENT  
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE  
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of Moldova:

“The Delegation of the Republic of Moldova would like to state at this stage that it has accepted the text of this document in order to obtain the necessary consensus, thus confirming again its willingness to co-operate with all participating states in promoting our Organization’s goals.

We consider that the provisions of the Ministerial statement contain the engagement of the whole OSCE community to ensure full and thorough implementation of the Istanbul Summit decisions on the Republic of Moldova. We urge the Russian Federation to honour the commitments it undertook in Istanbul in 1999 to complete the withdrawal of its forces from the territory of the Republic of Moldova and expect it to prove its political will in this regard in 2003, as the text of the present document stipulates. As it was agreed by all parties involved in the negotiation of this statement, the mentioning of the ‘necessary conditions’ in the context of withdrawal refers solely to eventual technical arrangements and may in no way be applied to any political circumstances.

We regret that there is no tangible progress to be reported on the issue of the Transnistrian conflict settlement. In this respect, our recognition that the responsibility for it lies entirely with the Transnistrian leaders enables us to apply in the nearest future a more tougher stand and a set of concrete measures towards the Tiraspol regime, in order to ensure the facilitation of the conflict settlement process. In this context, the Republic of Moldova welcomes the EU Declaration of 4 December 2002 regarding the Transnistrian conflict and the already expressed willingness of other concerned countries to contribute to this common effort.

The Republic of Moldova reiterates its commitments to co-operate with all OSCE participating states, in particular the European Union members, the United States, the Russian Federation and Ukraine in view of ensuring that our common decisions are finally materialized. The credibility and authority of this Organization are dependent on our capacity to do so.”

**Attachment 2 to Statements**

**INTERPRETATIVE STATEMENT  
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE  
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of Georgia:

“The Delegation of Georgia has agreed to join the consensus on the draft statement on Georgia, though it would like to make an official clarification of Georgia’s position on the part of the statement where it touches upon the fulfilment of the international commitments of the Russian Federation under the Istanbul Joint Statement.

We remain confident that the Russian Federation has not fulfilled its commitments to the full, *inter alia*, the question of the closure and disbanding of the Gudauta base remains open and will remain open until sufficient transparency measures are taken by the Russian Federation and until the base is legally transferred to the Georgian side.

Together with CFE community we also call on the Russian Federation for the immediate resumption of negotiations and reaching agreement regarding the duration and modalities of the termination of functioning of the Russian military bases at Batumi and Akhalkalaki and the Russian military facilities on the territory of Georgia. In this regard the sovereign rights of Georgia and **basis principle of the CFE Treaty on necessity of free consent of State on any foreign military deployment on its territory** must be taken into account. We expect the Russian Federation to modify its positions according the sovereign demands of host State that will allow us to finalize in constructive manner the resolution of this problem. Otherwise Georgia reserves the right to act according to the requirements of its national interests.”

**Attachment 3 to Statements**

**INTERPRETATIVE STATEMENT  
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE  
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of Azerbaijan:

“With regard to the just adopted decision of the 10th meeting of the OSCE Ministerial Council, I would like to make an interpretative statement in accordance with paragraph 79, Chapter 6 of the Final Recommendations of the Helsinki Consultations.

The Republic of Azerbaijan has joined the consensus over the statement on the conflict between Armenia and Azerbaijan, proceeding from the following principles of the OSCE according to which:

‘The participating States will respect the territorial integrity of each of the participating States.

Accordingly, they will refrain from any action inconsistent with the purposes and principles of the Charter of the United Nations against the territorial integrity, political independence or the unity of any participating State, and in particular from any such action constituting a threat or use of force.

The participating States will likewise refrain from making each other’s territory the object of military occupation or other direct or indirect measures of force in contravention of international law, or the object of acquisition by means of such measures or the threat of them. No such occupation or acquisition will be recognized as legal’.

The Republic of Azerbaijan would also like to stress that the principle of the right of peoples to self-determination shall be exercised in conformity with the following principle of the Helsinki Final Act:

‘The participating States will respect the equal rights of peoples and their right to self-determination, acting at all times in conformity with the purposes and principles of the Charter of the United Nations and with the relevant norms of international law, including those relating to territorial integrity of states’.

Further on, the Republic of Azerbaijan states that the conflict between Armenia and Azerbaijan may be solved only on the basis of full respect of the territorial integrity of Azerbaijan, which implies:

- unequivocal recognition by Armenia of the territorial integrity of Azerbaijan, an inalienable part of which is the Nagorno-Karabakh region;
- immediate and unconditional withdrawal of occupying Armenian forces from all territories of Azerbaijan including the Nagorno-Karabakh region;
- creation of all favourable conditions for the safe return of forcibly expelled Azerbaijani population to their lands.

Furthermore, the Republic of Azerbaijan states that whatever status of self-rule for the Armenian community living in the Nagorno-Karabakh region of Azerbaijan will be elaborated, it is only possible on the basis of full respect to the territorial integrity of Azerbaijan.

I request you to attach this statement to the journal of the day.”

**INTERPRETATIVE STATEMENT  
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE  
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of Denmark on behalf of the European Union:

“On the issue of Moldova, the EU would like to recall the Declaration by the Presidency on behalf of the European Union regarding the Transnistria conflict in Moldova issued in Brussels and Copenhagen on 4 December 2002:

‘The EU is deeply concerned with the situation regarding the Transnistria conflict in Moldova. The EU underlines that a solution to the conflict must be found which fully respects the territorial integrity of the Moldovan state. The EU urges the parties to the conflict to further the negotiations with a view to finding a solution as soon as possible.

The EU regrets the limited progress in the fulfilment of the Istanbul commitments.

The EU has consistently supported efforts by international mediators to facilitate a solution to the conflict and seriously regrets the lack of co-operation by the Transnistrian side in the negotiation process.

The EU expresses its concern at the illegal activities linked to the conflict. The EU calls on all relevant parties to bring an end to these activities, and is ready to examine measures contributing to the fulfilment of this aim, as well as helping to promote a political settlement.

The EU expects all partners in the region to co-operate constructively with international efforts to break the political deadlock and move the negotiations process forward’.”

**INTERPRETATIVE STATEMENT  
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE  
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of the Netherlands (also on behalf of Belgium, Canada, the Czech Republic, Denmark, France, Germany, Greece, Hungary, Iceland, Italy, Luxembourg, Norway, Poland, Portugal, Spain, Turkey, the United Kingdom and the United States of America):

“In relation to paragraph 11 of the Ministerial Declaration and the Statements of the Ministerial Council on Moldova and Georgia, we would like to read out paragraph 15 of the Prague Summit Declaration of NATO countries on 21 November 2001.

‘We remain committed to the CFE Treaty and reaffirm our attachment to the early entry into force of the Adapted Treaty. The CFE regime provides a fundamental contribution to a more secure and integrated Europe. We welcome the approach of those non-CFE countries, which have stated their intention to request accession to the Adapted CFE Treaty upon its entry into force. Their accession would provide an important additional contribution to European stability and security. We welcome the significant results of Russia’s effort to reduce forces in the Treaty’s Article V area to agreed levels. We urge swift fulfilment of the outstanding Istanbul commitments on Georgia and Moldova, which will create the conditions for Allies and other States Parties to move forward on ratification of the Adapted CFE Treaty’.”



**V. DECISIONS OF THE  
PORTO MINISTERIAL COUNCIL MEETING**





**DECISION No. 1**  
**IMPLEMENTING THE OSCE COMMITMENTS AND ACTIVITIES**  
**ON COMBATING TERRORISM**  
(MC(10).DEC/1)

The Ministerial Council,

Notes the Secretary General's comprehensive report on the actions of OSCE bodies and institutions to combat terrorism, including implementation of the Bucharest Plan of Action for Combating Terrorism and the Bishkek Programme of Action;

Decides that all OSCE participating States, bodies and institutions shall continue on an urgent basis to implement and ensure the effectiveness of their Bucharest commitments;

Reaffirms the commitment of all participating States to become parties as soon as possible to all 12 United Nations conventions and protocols related to terrorism and welcomes the steps undertaken by participating States that have already completed these procedures;

Commit themselves to work towards the successful conclusion of negotiations on new universal instruments in this field, presently under way within the United Nations and confirms their readiness to consider, in co-ordination with the United Nations Security Council Counter-Terrorism Committee, requests for technical assistance and capacity building with a view to advancing the ratification and implementation of United Nations and other relevant instruments on terrorism;

Recognizing the danger posed by weapons of mass destruction in the hands of terrorists, urges all States to co-operate on negotiations underway at the United Nations on an International Convention for the Suppression of Acts of Nuclear Terrorism, and at the International Atomic Energy Agency on a protocol to the United Nations Convention on the Physical Protection of Nuclear Material;

Welcomes the activities undertaken by the Forum for Security Co-operation, as reported by its Chairperson, in line with its Road Map and urges the Forum for Security Co-operation to continue to be seized with the matter of combating terrorism within its mandate and competencies;

Encourages the Co-ordinator for OSCE Economic and Environmental Activities to continue to pursue programmes in co-operation and co-ordination with the United Nations Office on Drugs and Crime to support participating States' efforts to strengthen their ability to prevent and suppress terrorist financing;

Welcomes the decision in July 2002 (PC.DEC/487) that all participating States will complete the Financial Action Task Force (FATF) self-assessments on compliance with the Eight Special Recommendations on Terrorist Financing and notes with approval the OSCE's 88 per cent response rate to date. Commits to take steps towards speedy implementation of the Financial Action Task Force's Eight Special Recommendations on terrorist financing;

Recalls the Personal Representative of the Chairman-in-Office for Preventing and Combating Terrorism's recommendation that the OSCE pursue activities *inter alia* in policing, border security, anti-trafficking and suppressing terrorist financing. Requests that

interested donors consider providing the necessary resources to implement OSCE projects for combating terrorism;

Decides that the OSCE participating States, bodies and institutions will intensify their efforts and their collective commitment to combat terrorism and the conditions that may foster and sustain it by exploiting its strengths and comparative advantages: its comprehensive approach to security; its expertise in early-warning, conflict prevention, crisis management and post-conflict rehabilitation; its wide ranging repertoire of proven confidence- and security-building measures and its expertise in capacity building.

**DECISION No. 2**  
**DEVELOPMENT OF AN OSCE STRATEGY TO ADDRESS THREATS**  
**TO SECURITY AND STABILITY IN THE TWENTY-FIRST CENTURY**  
(MC(10).DEC/2)

The Ministerial Council,

Guided by the Bucharest Ministerial Declaration (2001) and, in particular, paragraph 8 on the development of an OSCE strategy to address threats to security and stability in the twenty-first century,

Recalling OSCE documents and decisions, including the Charter for European Security adopted at the Istanbul Summit, which identify risks and challenges to security, and reaffirming the commitment of the participating States to co-operate in a spirit of solidarity in countering them on the basis of the United Nations Charter, norms and principles of international law and commitments taken upon within the OSCE,

Bearing in mind the need to further the concept of the common comprehensive and indivisible security, based on sovereign equality and solidarity of the States,

Reconfirming the importance of the OSCE role in setting up effective co-operative mechanisms to address threats to security and stability in the Euro-Atlantic area and in broadening to this end the dialogue within the OSCE as well as its co-operation and partnership with other international, regional and subregional organizations and institutions on the basis of the Platform for Co-operative Security,

Committed to reinforcing the effectiveness of security-related activities across all three dimensions of the OSCE in line with developing European and global processes,

Taking into account the discussions initiated by the Portuguese Chairmanship on developing a future OSCE Strategy and the contributions of the participating States,

Has decided as follows:

- To task the Permanent Council to continue its work to develop, during the year of 2003, a comprehensive OSCE Strategy to address threats to security and stability in the twenty-first century and to request the Forum for Security Co-operation to make its own contribution to this work, within its competencies and mandate.

This Strategy will, *inter alia*:

- Identify threats to our common security and stability and analyse their changing nature and main causes;
- Address the role of the OSCE bodies, institutions and field operations and their co-ordinated approach to countering threats to security and stability;
- Set out how the OSCE can prevent or counter threats to security and stability and contribute to relevant international efforts. It should in particular:

- Adapt or supplement, where necessary, the existing instruments and mechanisms of co-operation within the OSCE;
- Establish enhanced forms of co-operation with other organizations and institutions in this area;
- Improve the OSCE's response to participating States' needs in capacity building relevant to countering threats to security and stability, taking into account the interests of all participating States.

In this context the participating States will use the OSCE Annual Security Review Conference, *inter alia*, to review the implementation of this Strategy.

The Ministerial Council also decides:

- That the work on the Strategy will be carried out in a special working group of the Permanent Council in close co-operation with the Forum for Security Co-operation and in accordance with the Bucharest Ministerial Decision No. 3 on Fostering the Role of the OSCE as a Forum for Political Dialogue. The progress on the work will be reviewed, when necessary, at the special meetings of the Permanent Council and the Forum for Security Co-operation, including their joint meetings.

**Attachment to MC(10).DEC/2**

**INTERPRETATIVE STATEMENT  
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE  
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Chairperson of the Tenth Meeting of the Ministerial Council:

“Regarding the OSCE Strategy to Address Threats to Security and Stability in the Twenty-First Century, the Chair wants to recognize the very valuable contribution provided by the Russian Federation and the United States for the elaboration of such a Strategy. Unfortunately, it was not possible to make this recognition in the text adopted, but I am sure to represent a vast majority of participating States in expressing our gratitude to those two countries for the work accomplished on this important matter.”

**DECISION No. 3**  
**ANNUAL SECURITY REVIEW CONFERENCE**  
(MC(10).DEC/3)

The Ministerial Council,

Restating the OSCE's concept of common, comprehensive, and indivisible security,

Acknowledging the requirement to reinforce the effectiveness of security activities across all three dimensions of the OSCE,

Reaffirming the OSCE's role as a primary organization for the peaceful settlement of disputes within its region and as a key instrument for early warning, conflict prevention, crisis management and post-conflict rehabilitation, as well as its nature as an inclusive and comprehensive organization for consultation, decision-making and co-operation in its region,

Taking into account the Bucharest Plan of Action for Combating Terrorism and the Bishkek Programme of Action, the OSCE Charter on Preventing and Combating Terrorism, as well as the Charter for European Security adopted at the Istanbul Summit and ongoing work to elaborate an OSCE strategy to address threats to security and stability in the twenty-first century,

Emphasizing the increased importance of international co-operation and political dialogue among participating States and with other international, regional and subregional organizations in response to threats to our common security,

Mindful of the danger conflicts in various regions in the OSCE area pose to all participating States,

Recalling the Bucharest Ministerial Decision No. 3 on Fostering the Role of the OSCE as a Forum for Political Dialogue,

Acknowledging the role of the Forum for Security Co-operation as the OSCE body for, *inter alia*, negotiation of arms control, disarmament and confidence- and security-building and for the assessment of the implementation of agreed measures,

Considering the role of the annual Economic Forum and its preparatory and follow-up seminars for reviewing OSCE activities in the economic and environmental dimension of security,

Taking into account the role of the Human Dimension Implementation Meetings, Review Conferences, the Supplementary Human Dimension Meetings and the annual Human Dimension Seminar for reviewing the implementation of commitments in the human dimension of security,

Stressing the need to strike a proper balance among the three dimensions of the OSCE,

Determined to complement and not to duplicate or replace the activities of other OSCE bodies and institutions, including the Annual Implementation Assessment Meeting,

Decides to establish an Annual Security Review Conference, with the following purpose and modalities:

## **I. Purpose**

To provide a framework for enhancing security dialogue and for reviewing security work undertaken by the OSCE and its participating States, *inter alia*:

- Implementation of an OSCE strategy to address threats to security and stability in the twenty-first century;
- Implementation of OSCE commitments in combating terrorism;
- Politico-military aspects of security;
- Implementation of OSCE decisions and activities in the area of early warning, conflict prevention, crisis management, and post-conflict rehabilitation;
- The security-related activities in OSCE institutions and field operations;
- OSCE police-related activities;
- Other security-related issues, including regional issues, which are dealt with by the OSCE.

The Conference may also provide an opportunity to exchange views on issues related to arms control and confidence- and security-building measures, including the CFE and Open Skies treaties.

In addition, the Conference should also promote the exchange of information and co-operation with relevant international and regional organizations and institutions.

## **II. Modalities**

The Security Review Conference will meet annually, in Vienna unless otherwise decided. The meeting will last for 2 to 3 days, and will be held before the summer recess. Delegations of participating States will be encouraged to be reinforced at senior level from capitals.

The Conference will be chaired by a representative of the Chairmanship-in-office, with Forum for Security Co-operation involvement as appropriate.

The date, agenda and meeting-specific modalities of the Conference will be annually decided by the Permanent Council, taking into account the recommendation of the Forum for Security Co-operation.

The Conference can formulate recommendations to be provided to the Permanent Council and, as appropriate, to the Forum for Security Co-operation, for further consideration.

The contribution of the Forum for Security Co-operation to this Conference will be made in accordance with its procedures, mandate and competences.

Relevant officials of OSCE bodies and institutions shall be invited by the Permanent Council to report to the Conference on their security-related activities and areas for further action.

Relevant international and regional organizations and institutions will be invited to participate as determined by the Permanent Council.

The OSCE established rules of procedure shall apply in the Annual Security Review Conference.

**DECISION No. 4**  
**REVIEWING THE OSCE ROLE IN THE FIELD OF**  
**PEACEKEEPING OPERATIONS**

(MC(10).DEC/4)

The Ministerial Council,

Taking into account the OSCE role in early warning, conflict prevention, crisis management and post-conflict rehabilitation in the area of its responsibility, as well as the task of elaborating an OSCE strategy to address threats to security and stability in the twenty-first century,

Recalling Decision No. III of the CSCE Helsinki Summit of 1992 as well as provisions of paragraph 46 of the Charter for European Security, and recognizing the significant changes in peacekeeping doctrines and practices since then,

Tasks the Permanent Council to conduct a review of peacekeeping, with a view towards assessing OSCE capacity to conduct peacekeeping operations and identifying options for potential OSCE involvement in peacekeeping in the OSCE region, to be completed by the end of 2003. The Forum for Security Co-operation will make its own contribution to this work within its competencies and mandate and in accordance with the Bucharest Ministerial Decision No. 3 on Fostering the Role of the OSCE as a Forum for Political Dialogue.



**DECISION No. 5**  
**ENHANCING THE ROLE OF THE OSCE**  
**ECONOMIC AND ENVIRONMENTAL DIMENSION**  
(MC(10).DEC/5)

The Ministerial Council,

Reaffirming the importance of strengthening the OSCE Economic and Environmental Dimension, making full use of the Organization's comprehensive approach to security, in order to promote stability and respond to threats and challenges to security caused by economic and environmental factors,

Reaffirming the commitments related to the Economic and Environmental Dimension contained in the Helsinki Final Act, Concluding Document of the Conference on Economic Co-operation in Europe (Bonn 1990), Charter of Paris for a New Europe, Charter for European Security adopted at the 1999 OSCE Istanbul Summit and other CSCE/OSCE documents,

Emphasizing the need to improve economic and environmental co-operation throughout the entire OSCE region *inter alia* by means of increased project activities,

Underscoring the need to enhance co-operation in the economic and environmental field between the OSCE and other international organizations and institutions working in this field, in accordance with the Platform for Co-operative Security, in a way which exploits as effectively as possible the strengths and advantages of each and recognizes their respective mandates and expertise,

Recalling the Johannesburg Declaration on Sustainable Development, and recognizing that the OSCE has a role to play in encouraging participating States' implementation of the Johannesburg Programme of Action,

Noting the relevance of the themes of previous Economic Forum meetings as constituting building blocks of the OSCE's approach to the Economic and Environmental Dimension, their contribution to the strengthening of the OSCE work in this dimension, as well as the importance of further improvement of efficiency and effectiveness and follow-up modalities of the OSCE Economic Forum,

Reaffirming the importance of effective implementation, efficient review thereof as well as further development of the OSCE commitments in the Economic and Environmental Dimension,

Decides:

- To task the Permanent Council to develop through its Economic and Environmental Sub-Committee a new OSCE strategy document in the Economic and Environmental Dimension including recommendations and proposals for additional commitments, and to present it at the next OSCE Ministerial. This new document, complementing the Bonn Document, should set out the main objectives, principles and methods of co-operation. It should be based on an assessment of the current situation and of existing economic and environmental threats to security and stability in the OSCE

region. It should provide recommendations for addressing such problems and develop criteria for activities and projects as well as guidance for further enhancement of the OSCE capabilities in the Economic and Environmental Dimension, taking account of the OSCE's comparative strengths and role as catalyst for action by other organizations and institutions;

- To invite the United Nations Economic Commission for Europe and other partner organizations and specialized agencies to co-operate in elaborating the new strategy;
- That the document should recommend ways to improve the review of implementation of commitments, which takes place annually in the framework of the Economic Forum in Prague, building as much as possible on the positive experience and achievements of the OSCE and other international organizations and institutions.

**DECISION No. 6**  
**TOLERANCE AND NON-DISCRIMINATION**  
(MC(10).DEC/6)

The Ministerial Council,

Recalling the principles of human rights and the inherent dignity of the human being, freedom of thought, conscience, religion or belief that underpin the general provisions of the OSCE human dimension commitments,

Recalling the Charter for European Security, Istanbul Summit 1999, which reaffirms full adherence to the Charter of the United Nations, and to the Helsinki Final Act, the Charter of Paris and all other OSCE documents,

Recalling Decision No. 5 by the Ministerial Council at its Ninth Meeting in Bucharest reaffirming its concern about manifestation of aggressive nationalism, racism, chauvinism, xenophobia, anti-Semitism and violent extremism, wherever they may occur,

Reiterating that democracy and protection of human rights and fundamental freedoms are essential safeguards of tolerance and non-discrimination and constitute important factors for stability, security, co-operation and peaceful development throughout the entire OSCE region, and that conversely tolerance and non-discrimination are important elements in the promotion of human rights,

Reaffirming the internationally recognized prohibition of discrimination, without adverse distinction of any kind, such as race, colour, sex, language, religion or belief, political or other opinion, national or social origin, property, birth or other status,

Recalling the continuing work of the OSCE structures and institutions in the field of promoting human rights, tolerance, non-discrimination and multiculturalism, in particular by the human dimension meetings and activities, projects and programmes including those of participating States,

Stressing the positive role of multicultural and inter-religious dialogue in creating better understanding among nations and peoples,

Noting that promoting tolerance and non-discrimination can also contribute to eliminating the basis for hate speech and aggressive nationalism, racism, chauvinism, xenophobia, anti-Semitism and violent extremism,

Recognizing the responsibility of participating States for promoting tolerance and non-discrimination,

- 1.(a) Condemns in strongest terms all manifestations of aggressive nationalism, racism, chauvinism, xenophobia, anti-Semitism and violent extremism, as well as hate speech and occurrences of discrimination based on religion or belief;
- (b) Undertakes to further promote multicultural, interethnic and inter-religious dialogue in which governments and civil society will be encouraged to participate actively;

- (c) Also undertakes to further promote the rights of persons belonging to national minorities;
2. Decides to intensify efforts to maintain and strengthen tolerance and non-discrimination, with the assistance of OSCE institutions and in co-operation with relevant international organizations and civil society, by such means as the exchanges of information and best practice;
  3. Calls on participating States, which have not yet done so, to consider ratifying the international instruments, which address the problem of discrimination and calls for full compliance with the obligations assumed therein;
  4. Commits to take appropriate measures, in conformity with respective constitutional systems, at national, regional and local levels to promote tolerance and non-discrimination as well as to counter prejudices and misrepresentation, particularly in the field of education, culture and information;
  5. Condemns, in particular, discrimination on religious grounds and undertakes to endeavour to prevent and protect against attacks directed at any religious group, whether on persons or on places of worship or religious objects;
  6. Condemns in particular the recent increase in anti-Semitic incidents in the OSCE area, recognizing the role that the existence of anti-Semitism has played throughout history as a major threat to freedom;
  7. Also condemns the recent increase in acts of discrimination and violence against Muslims in the OSCE area and rejects firmly the identification of terrorism and extremism with a particular religion or culture;
  8. Decides to take strong public positions against hate speech and other manifestations of aggressive nationalism, racism, chauvinism, xenophobia, anti-Semitism and violent extremism, as well as occurrences of discrimination based on religion or belief;
  9. Calls on relevant authorities of participating States to investigate promptly and impartially acts of violence, especially where there are reasonable grounds to suspect that they were motivated by aggressive nationalism, racism, chauvinism, xenophobia, anti-Semitism and violent extremism, as well as attacks motivated by hatred against a particular religion or belief, and to prosecute those responsible in accordance with domestic law and consistent with relevant international standards of human rights;
  10. Tasks the Permanent Council to consider further enhancement of the Contact Point on Roma and Sinti Issues in the Office for Democratic Institutions and Human Rights (ODIHR);
  11. Urges the convening of separately designated human dimension events on issues addressed in this decision, including on the topics of anti-Semitism, discrimination and racism and xenophobia;
  12. Tasks the Chairmanship-in-Office and the Permanent Council in close co-operation with the ODIHR, the High Commissioner on National Minorities and the Representative on Freedom of the Media to ensure an effective follow-up of the present decision, through increased use of tools already available to the OSCE, including the annual human dimension meetings and seminars.

**DECISION No. 7**  
**ELECTION COMMITMENTS**  
(MC(10).DEC/7)

The Ministerial Council,

Recalling the provisions of the 1990 Document of the Copenhagen Meeting of the Conference on the Human Dimension of the CSCE,

Noting that additional commitments, reflected in the 1996 Lisbon Summit Declaration, the 1999 Istanbul Summit Declaration and the 2001 Bucharest Ministerial Declaration, have supplemented those provisions,

Reaffirming the determination to implement these commitments,

Acknowledging that democratic elections can be conducted under a variety of electoral systems,

Recognizing the ODIHR's expertise in assisting participating States in the implementation of election-related commitments,

Taking into account PC Decision No. 509, on international standards and commitments: a practical guide to democratic elections best practice,

Calls upon participating States to strengthen their response to the ODIHR's recommendations following election observations,

Tasks the Permanent Council to consider the need to elaborate additional commitments on elections, in the spirit of enhanced co-operation with other international organizations, as well as among participating States, and to report to the next Ministerial Council meeting.

**DECISION No. 8**  
**ROLE OF THE OSCE CHAIRMANSHIP-IN-OFFICE**  
(MC(10).DEC/8)

The Ministerial Council,

Reaffirming the Final Recommendations of the 1973 Helsinki Consultations and the 1992 Helsinki Document,

Further reaffirming all subsequent decisions of the Meetings of Heads of State or Government of the OSCE participating States (hereinafter referred to as “Summit Meetings”), the OSCE Ministerial Council and the Permanent Council concerning the role and functions of the OSCE Chairman-in-Office,

Wishing to streamline the working methods of the Chairmanship-in-Office in order to make them consistent with new practices and experience acquired over the past decade,

Decides to adopt the following guidelines for the activities of the Chairmanship-in-Office:

1. The OSCE Chairmanship-in-Office shall be held for one calendar year by the participating State designated as such by a decision of the Summit Meeting or the Ministerial Council, as a rule two years before the Chairmanship’s term of office starts.

The functions of the Chairmanship-in-Office shall be exercised by the Minister for Foreign Affairs of the participating State so designated (hereinafter referred to as the “Chairman-in-Office”) together with his/her staff, including the Chair of the Permanent Council.

2. Ensuring that its actions are not inconsistent with positions agreed by all the participating States and that the whole spectrum of opinions of participating States is taken into account, the Chairmanship-in-Office:

- (a) Shall preside over, co-ordinate and report on its activities to the Summit Meetings, the Ministerial Council, the Permanent Council and their subsidiary bodies;
- (b) Shall be responsible on behalf of the Ministerial Council and the Permanent Council for the co-ordination of, and consultations on, current OSCE business. To maximize transparency the Chairmanship-in-Office shall consult with the participating States through formal and informal consultations and dialogue. In fulfilling this responsibility, it shall make extensive use of open-ended groups. The Preparatory Committee of the Permanent Council shall be used for focused, informal political consultations on topical issues of interest to the participating States, including regular briefings by the Chairmanship-in-Office on its activities. Discussions in the Preparatory Committee shall cover issues arising in other subsidiary bodies as well as preparation of decisions to be taken in the Permanent Council;
- (c) Shall provide the Permanent Council with the required drafts, reports and overviews for its consideration;

- (d) Shall provide the Permanent Council with recommendations on specific issues requiring particular attention or decisions;
- (e) Shall communicate the views and decisions of Summit Meetings, the Ministerial Council and the Permanent Council to the OSCE Secretariat, institutions and field operations and as such provide them with advice and guidance on their activities as may be required;
- (f) Shall carry out its responsibilities for appointments and assignments;
- (g) Shall be responsible for the external representation of the OSCE. In pursuing this task the Chairmanship-in-Office shall consult with the participating States on the process and shall act in accordance with the outcome of these consultations. The Chairmanship-in-Office shall, especially in order to ensure effective and continuous working contacts with other international organizations and institutions, be assisted by the Secretary General, to whom representational tasks are delegated as appropriate;
- (h) May, when dealing with a crisis or a conflict or in order to ensure better co-ordination of participating States' efforts on specific areas, appoint personal representatives for the duration of the Chairmanship with a clear and precise mandate:
  - (i) When appointing a personal representative to deal urgently with a crisis or conflict, the Chairmanship-in-Office shall, as time permits, consult with the participating States in advance through the Preparatory Committee as well as, on bilateral bases, with any participating State having interests related to the issues covered by the mandate, regarding the creation, the designation and the mandate of such a representative;
  - (ii) When appointing a personal representative related to a specific issue, the Chairmanship-in-Office shall consult with the participating States in advance through the Preparatory Committee regarding the creation, the designation and the mandate of such a representative.

3. In performing its duties, the Chairmanship-in-Office shall be assisted by the preceding and succeeding Chairmanships-in-Office, operating together as a Troika, and by the Secretary General. The Chairmanship-in-Office draws upon the expert, advisory, material, technical and other support of the Secretariat, which may include background information, analysis, advice, draft decisions, draft statements, summary records and archival support as required. Such support in no way diminishes the responsibilities of the Chairmanship-in-Office.

The Chairmanship-in-Office shall provide the Secretariat with the necessary information in order to enable it to provide institutional memory and to promote continuity in the handling of OSCE business from one Chairmanship-in-Office to the next.

**INTERPRETATIVE STATEMENT  
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE  
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of Belarus:

“In connection with the adoption of the decision on the role of the OSCE Chairmanship-in-Office, I should like to make the following interpretative statement on behalf of the Republic of Belarus.

Belarus is proceeding on the assumption that the provisions of paragraph 2(h) of the decision adopted apply equally to arrangements for the appointment of all personal representatives of the Chairman-in-Office, including personal envoys, special representatives, special envoys, special advisers and so on.

We ask that this interpretative statement be attached to the journal of the meeting.”



**DECISION No. 9**  
**NEW PREMISES OF THE OSCE SECRETARIAT**  
**AND THE REPRESENTATIVE ON FREEDOM OF THE MEDIA**  
(MC(10).DEC/9)

The Ministerial Council,

Welcoming the readiness of the Austrian Government to make a centrally-located building in Vienna available to the OSCE Secretariat and the Representative on Freedom of the Media,

Noting with appreciation that the building will be renovated and enlarged at the cost of the host country,

Recognizing that a distinct building for the OSCE will improve the working conditions of the Secretariat and of the Representative on Freedom of the Media and enhance the visibility and effectiveness of the Organization as a whole,

Decides:

- That the building Wallnerstraße 6/6a in Vienna will be the headquarters for the OSCE Secretariat and the Representative on Freedom of the Media after its renovation and enlargement by the Austrian government, to be undertaken in consultation with the OSCE;
- That any additional office space requirements will have to be negotiated with the host country;
- To task the Secretary General to work out with the host country as soon as possible detailed provisions concerning the handing over, maintenance, occupancy and use of the new headquarters, which will grant to the OSCE terms and conditions not less favourable than those accorded by the host country to other international organizations having their seat in Vienna, said provisions to be agreed upon by the Permanent Council; and
- To request the Secretary General to investigate further with the Austrian authorities the possibility of providing co-located office and meeting space for the OSCE Chairmanship.

**DECISION No. 10**  
**OSCE CHAIRMANSHIP IN THE YEARS 2004 AND 2005**  
(MC(10).DEC/10)

The Ministerial Council,

Decides that Bulgaria will exercise the function of the OSCE Chairmanship in the year 2004;

Decides that Slovenia will exercise the function of the OSCE Chairmanship in the year 2005.

**DECISION No. 11**  
**TIME AND PLACE OF THE NEXT MEETING OF THE OSCE**  
**MINISTERIAL COUNCIL**  
(MC(10).DEC/11)

The Eleventh Meeting of the OSCE Ministerial Council will be convened in the Netherlands on 1 and 2 December 2003.



**VI. REPORTS TO THE  
PORTO MINISTERIAL COUNCIL MEETING**



## CHAIRMAN-IN-OFFICE'S ACTIVITY REPORT FOR 2002

### 1. Introductory Remarks

This last year has been an important one for the OSCE. During this time the OSCE has had to live up to expectations and to demonstrate its ability to respond with effectiveness to the new challenges and demands posed by an evolving security environment.

From the very outset, the Portuguese Chairmanship sought to build upon and take further the important commitments made by the OSCE and its participating States at the Ministerial Council in Bucharest. The ultimate goal was that of ensuring the Organization's adjustment, along the lines defined in Bucharest, to the varying concerns and challenges with which it was faced.

As presented to the Permanent Council by the Chairman-in-Office on 17 January and on 2 May, the priorities and objectives of the Portuguese Chairmanship were varied. However, these priorities and objectives were linked, geared towards enabling the Organization to cope with changing security problems and towards furthering the role of the OSCE as a forum of political dialogue within the Euro-Atlantic and Euro-Asian space.

The programme of the Portuguese Chairmanship highlighted **the prevention and combating of terrorism** as a core priority. The Chairman-in-Office appointed a Personal Representative for Preventing and Combating Terrorism and the adoption of an OSCE charter on preventing terrorism was also proposed. On 12 June, the Chairman-in-Office hosted a high-level meeting in Lisbon to discuss co-ordination between the various international organizations involved in this global endeavour against terrorism. This meeting was organized within the spirit of the **Platform for Co-operative Security**, another clear objective set out in the Chairmanship's programme. Throughout its tenure, Portugal sought to implement and operationalize this concept, involving other international organizations and institutions on all possible occasions. Another issue that was dear to the Portuguese Chairmanship was that of **re-balancing the Three Dimensions** of the OSCE, which remained pivotal to the OSCE's comprehensive concept of security. Our objective here was to make these dimensions more result-oriented and more complementary with each other. The **reform of the OSCE** and the enhancement of the **Organization's operational capacity** were two other areas where the Chairmanship's efforts enabled progress to be made through the adoption of various decisions related to the management of the Organization.

The role of the OSCE in early warning, conflict prevention, crisis management, peaceful conflict resolution and post-conflict rehabilitation remained key activities of the Organization during the Portuguese tenure. The Chairmanship followed closely the work and interventions of the OSCE's field missions, providing the political support and impetus necessary for the resolution of political stalemates and sensitive issues. The Chairman-in-Office visited most of the sensitive areas and met with all the heads of OSCE institutions and missions in Lisbon on 21 and 22 January. The other members of the Troika (Romania and the Netherlands) were also present and two more Troika meetings were held on 28 June in Lisbon and on 5 November in Vienna.

## **2. Preventing and Combating Terrorism**

The Portuguese Chairmanship immediately identified the prevention and fight against terrorism as a top priority of its work programme. The aim was to foster the contribution of the OSCE to the international counter-terrorism strategy led by the United Nations.

### **2.1. Implementation of the Bucharest Plan of Action and of the Bishkek Programme of Action**

The Chair endeavoured to ensure the implementation of the Bucharest Plan of Action and the Bishkek Programme of Action. To drive this process forward, the Chairman-in-Office appointed Mr. Jan Troejborg as his Personal Representative. Mr. Troejborg worked in close co-ordination and co-operation with the Action against Terrorism Unit and with the Senior Police Advisor's Unit which were both established within the OSCE Secretariat this year.

The Chair clearly focused on the development of specific projects, through the various OSCE bodies, institutions and field activities, to support the efforts of the participating States to fulfil the commitments undertaken in the two documents mentioned above. Four strategic areas were identified: policing, border security, anti-trafficking and countering financing of terrorism.

The database of projects which was created in the Secretariat reflects the dynamism that characterized the co-operative efforts of the OSCE structures and participating States. Various examples could be given, e.g., in Central Asia where it was possible to develop police assistance and training programmes designed to introduce modern techniques into policing and to assist border guards and customs officials. Several similar projects were also carried out in South-Eastern Europe and in the Caucasus.

The Chair can also make a positive assessment of the way in which participating States have been ratifying and implementing the 12 United Nations Conventions and Protocols relating to the fight against terrorism and the Financial Action Task Force recommendations on money laundering and terrorist financing. The ODIHR has played a very important role in this area by assisting participating States in reviewing or developing anti-terrorism legislation in compliance with international legal obligations.

In sum, tangible progress has been achieved in 2002 in the implementation of the Bucharest Plan of Action and of the Bishkek Programme of Action. The work is not however finished and the strategy developed this year needs to be pursued in 2003, taking into account in this perspective the report of the OSCE Secretary General.

### **2.2. Lisbon 12 June Meeting**

The Chairmanship organized in Lisbon on 12 June the first meeting of the Secretaries General and High Representatives of the main international and regional organizations involved in the fight against terrorism (UN, OSCE, NATO, EU, CoE, CIS, FATF, Europol, ODDCCP).

Launched in the spirit of the Platform for Co-operative Security, the Lisbon meeting aimed at enhancing and improving co-ordination and information-sharing in the fight against terrorism, highlighting the need to make the best possible use of comparative advantages and



optimizing synergies. The underlying assumption of the Lisbon meeting was that combating terrorism could not be undertaken successfully at the level of a single state or organization. The complex and global nature of terrorism demanded a co-ordinated response and approach among all nations and organizations.

There was a consensus that the 12 June meeting had created a special momentum that should be taken further. Portugal offered to host a second meeting in the same format next year.

The 6 September meeting, organized by the OSCE Secretary General and dedicated to sub-regional co-operation in the prevention and combating of terrorism, was considered another step in the right direction in promoting co-operation in the prevention and combating of terrorism.

### **2.3. OSCE Charter on Preventing and Combating Terrorism**

In parallel to the efforts described above, the Chairmanship developed its proposal for an OSCE charter on preventing and combating terrorism. The objective was to elaborate a text which would complement the operational document adopted by the OSCE in Bucharest and Bishkek.

The Chair therefore emphasized, at the outset, that the Charter would be a political document aimed at reaffirming the lasting and timeless core principles upon which OSCE action had been based and would continue to be based in the future in the prevention and fight against terrorism.

The process of drafting the Charter was pursued through a comprehensive process of consultations and negotiations with participating States. The aim was clearly established that the Charter would be adopted at the Porto Ministerial with a view to representing the very strong and renewed commitment of OSCE participating States to reinforcing the efforts made by other regional organizations in the fight against terrorism.

## **3. Re-balancing the three OSCE Dimensions**

### **3.1. The Human Dimension**

In 2002, the Portuguese Chairmanship devoted special attention to Human Dimension issues, one of the core Dimensions of the OSCE's work. Our attitude towards this Dimension has always been very proactive, seeking a new dynamic for the revitalization of the Organization's activities in this field.

First and foremost, the Chairman-in-Office tried to achieve a better **articulation among the three Dimensions of the Organization**, in particular with the Economic and Environmental Dimension, so as to assure an effective and comprehensive solution to the problems encountered within the Human Dimension. Problems and threats in the twenty-first century are complex in their causes and consequences, and cannot be tackled effectively with a partial approach. Secondly, the Portuguese Chairman-in-Office appraised the work of other organizations and ensured effective collaboration and co-ordination with them, promoting joint projects on common issues.

In the context of regular OSCE activities, the Chairmanship, in co-operation with the ODIHR and with the active collaboration of the High Commissioner on National Minorities and the Representative for the Freedom of the Media, organized three **supplementary meetings** devoted to themes of crucial importance for the Human Dimension.

The first meeting was held in Vienna on 18 and 19 March on the theme “Preventing and Combating Violence against Women”, reflecting the priority given by the Portuguese Chairmanship to gender issues, and benefiting greatly from the results and achievements of the Informal Group on Gender Issues and Anti-Trafficking. The meeting focused on the prevention and combating of discrimination against women and devoted special attention to the role of women in civil society and post conflict reconstruction.

The second meeting on 8 and 9 July approached the theme of “Prison Reform”. This reflected the OSCE’s concern about life and human dignity inside prisons and the position of people in detention. These constituted one of the most vulnerable segments of the population, deserving particular attention in the field of human rights and security.

Finally, the third supplementary meeting was held on 28 and 29 October, debating the theme “The Role of Community Policing in Building Confidence Between Minorities and the Government and the Majority Ethnic Group”. In accordance with the OSCE’s comprehensive approach to security, this was a theme which deserved exploration, as it involved civil society in enhancing and ensuring security and stability in problematic societies.

These meetings served as a forum for discussion of certain specific Human Dimension issues, the evaluation of the compliance of participating States and OSCE institutions with commitments made under these themes, and the exploration of possible improvements. All this was done in consultation with participating States, OSCE Institutions, NGOs and experts in the field.

The Chairmanship actively collaborated in the organization of the **Annual Human Dimension Seminar**, held in Warsaw from 23 to 25 April and devoted to the theme “Judicial System and Human Rights”. This seminar, the responsibility of the Office for Democratic Institutions and Human Rights (ODIHR), reviewed challenges for the judiciary in established and developing democracies in its protection of human rights, addressing particular topics such as the independence of the judiciary, the role of the administration of justice and recent reforms, and the ensuring of access to justice.

Last but not least, the Chairmanship organized **the Human Dimension Implementation Meeting**. This meeting reviewed all those issues falling within the Human Dimension basket and the state of their implementation by both participating States and OSCE institutions. One of the weeks was devoted to the study of two particularly important themes - trafficking in human beings and electoral standards. This year’s Implementation Meeting was of particular importance in view of the fact that it was held in accordance with the new modalities.

In the follow-up to the Bucharest Ministerial, the Portuguese Chairmanship designated Ambassador Kai Eide as responsible for assisting the Chairman-in-Office in the work of establishing **new modalities** for the OSCE Human Dimension Meetings. This exercise was carried out during the first semester of 2002 and led to the adoption of a Permanent Council decision, in May 2002, stipulating a new format for NGOs and

participating States in order to enhance the interest of the Human Dimension meetings, both in content and format.

The Portuguese Chairmanship also gave an important impetus to the work of the Informal Group on Gender Equality and Anti-Trafficking, dedicated to the study of gender issues and the interrelated theme of trafficking in human beings. Its work was very helpful in the drafting of the Document on Trafficking in Human Beings and in the organization of the first supplementary meeting held early in the year. A Working Group specially devoted to the issue of tolerance was also established, upon the initiative of the Chairmanship. The work of this group resulted in the clarification of the different participating States' perspectives on this issue and their particular concerns for the future.

### **3.2. The Economic and Environmental Dimension**

One of the main goals that the Portuguese OSCE Chairmanship took upon itself was the strengthening of the Economic and Environmental Dimension, bearing in mind the need to rebalance all the Dimensions of the Organization, as decided at the Bucharest Ministerial Meeting.

In order to improve the role of the OSCE in identifying threats to security evolving from economic and environmental factors, the Portuguese Chairmanship sought the adoption of a theme for the Tenth Economic Forum related to water resources, as a topical issue for security in the twenty-first century. The theme focused on **“Co-operation for the sustainable use and protection of the quality of water in the context of the OSCE”**. This fully confirmed the Portuguese Chairmanship's conviction that the OSCE, acting as a facilitator and a catalyst, could add a very significant value to the international debate on water resources, taking into account the Organization's comprehensive approach to security and stability.

Addressing the theme of water also contributed to enhancing the implementation of the Platform for Security Co-operation, by helping to create synergies and to avoid duplication. This was achieved through the active contribution of other international organizations, particularly in the Economic Forum and Preparatory Seminars, in respect of the definition and promotion of economic and environmental policies in the OSCE area. In the same way, the wide participation in these events gave impetus to the co-ordination and co-operation within the OSCE by the involvement of participating States. It also contributed to the development of dialogues with Mediterranean and Asian Partners, as well as with civil society, specifically NGOs and academics.

**The First Preparatory Seminar of the Tenth Economic Forum** took place in Belgrade on 5 and 6 November 2001 and was dedicated to the protection and use of watercourses and international lakes. The seminar highlighted, in particular, several ways to reinforce stability in the Balkans, developing regional co-operation mechanisms with a view to minimizing risks to security caused by environmental threats to water resources. The crucial role of the civil society in environmental protection awareness and information dissemination was also noted. A set of recommendations was presented by the participants calling on the OSCE to intensify transboundary and regional co-operation on shared water resources.

During the **Second Preparatory Seminar**, held in Zamora on 11 and 12 February 2002, the debate focused on successful experiences in the context of transboundary co-operation over water resources in the OSCE area, such as the Portuguese-Spanish Agreement. In this context, the seminar was seen as an opportunity to exchange information, experiences and best practices. Special emphasis was given to the EU Water Framework Directive, particularly in the context of enlargement and integration processes, and the role of NGOs in the implementation of the Directive was stressed. The recommendations made by the participants reflected the role of the OSCE in co-ordinating and facilitating processes, as well as its potential in generating confidence-building measures among States.

**The Third Preparatory Seminar** was organized in Baku on 15 and 16 April 2002 and enabled consideration to be given to issues related to regional co-operation and technical assistance, specifically in the Caspian and Black Sea regions. The Baku Seminar represented in itself a confidence-building measure, stressing the importance of co-operation mechanisms related to the use and the protection of water resources in the above-mentioned regions. It was also considered to be a contribution to economic development, social cohesion and environmental protection. In the context of the recommendations and concrete proposals arising from the debates, the Portuguese Chairmanship suggested developing management plans through the twinning of river basins, in order to facilitate both the exchange of know-how and the tackling of concrete problems, and to enable joint capacity building.

Following a suggestion made to the participating States, the Portuguese Chairmanship organized, together with France, a seminar dedicated to the **“Socio-economic impact of disarmament”**, which took place in Paris on 25 and 26 March 2002. The discussion relating to the socio-economic and environmental effects of disarmament and re-conversion processes in the OSCE area, usefully matched the OSCE broad security concept and the multidisciplinary approach of the Economic and Environmental Dimension.

**The Tenth Meeting of the OSCE Economic Forum** took place in Prague, from 28 to 31 May 2002, and was devoted to the “Co-operation for the sustainable use and the protection of the quality of water in the context of the OSCE”. During the Forum, discussions focused on issues, actors and instruments for co-operation in the context of water. They confirmed that the sharing of information and experiences among the participating States represented an essential contribution to the identification of available instruments to prevent and solve conflicts. In addition, co-operative debate on issues related to the use and protection of water resources was seen as an extremely important element in defining and promoting economic and environmental policies in the OSCE area. Such policies were potential confidence-building tools and generators of good neighbourly relations, contributing to the implementation of the broad OSCE approach to security.

In view of the multidisciplinary nature of the Economic and Environmental Dimension, a special session was organized during the Forum on suppressing the financing of terrorism. This focused on two items: international instruments and standards; and co-ordination of technical assistance and the role of financial intelligence units. A number of recommendations emerged from the discussions, in the economic context of new threats to security, with particular regard to the reinforcement of the OSCE role in combating terrorism and the development of co-operation with the Financial Action Task Force and the United Nations Office for Drug Control and Crime Prevention.

As established in the Bucharest Decision on fostering the role of OSCE as a forum for political dialogue (§ 11), the Portuguese Chairmanship energized the role of the **Economic and Environmental Sub-Committee of the Permanent Council**. In the first Sub-Committee meetings, participants discussed recommendations for strengthening the Economic and Environmental Dimension and approved a work plan. The Sub-Committee also discussed the follow-up recommendations of the Tenth Economic Forum and, in this perspective, was tasked to elaborate a draft decision on enhancing the role of the Economic and Environmental Dimension, to be adopted at the Porto Ministerial Meeting.

The Portuguese Chairmanship took the initiative to appoint Mr. Marcin Swiecicky as the **Economic and Environmental Co-ordinator (OCEEA)**. Mr. Swiecicky's activities have proved extremely valuable in improving the Economic and Environmental Dimension. In order to achieve this objective, in particular regarding the development of the Sub-Committee and the follow-up to the Economic Forum, the close co-operation achieved with the OCEEA proved to be both essential and productive. The visit of the Economic Co-ordinator to Lisbon (4 April 2002), at the very beginning of his mandate, gave the Chairmanship the opportunity to express expectations on future joint actions, in particular regarding economic and environmental projects in Central Asia.

The Chairmanship participated in several meetings where relevant economic issues were addressed, in the context of the OSCE, such as the follow-up seminar to the Ninth OSCE Economic Forum "Co-ordinating Regional Efforts to Increase Transparency and Facilitate Business" (Bucharest, 11 and 12 July 2002), the meeting of the Preparatory Committee of the GUUAM-OSCE project on free trade area (FTA) establishment (Kiev, 4 November 2002) and the First Preparatory Seminar of the Eleventh Economic Forum "National and International Impact of Trafficking in Small Arms and Light Weapons" (Sofia, 11 and 12 November 2002).

### **3.3. The Political Military Dimension**

In light of the important decision adopted last year in Bucharest on fostering the role of the OSCE as a forum for political dialogue, the Chairmanship carried forward the mandate by enhancing interaction and co-ordination between the Permanent Council and the Forum for Security Co-operation (FSC). The Chairmanship's participation in the Forum's Troika meetings, as well as that of the Chairmanship of the Forum at OSCE Troika meetings on matters of FSC concern, and the Joint PC/FSC meetings of this year, have proved to be very useful.

In this regard, the Chairmanship welcomes the results achieved by the Forum on the enhancement of the implementation of the existing politico-military commitments, particularly the **Document on Small Arms and Light Weapons**, and the **Code of Conduct on Politico-Military Aspects of Security** and its contribution to combating terrorism.

Special attention has been devoted to the proposals made during the Expert Meeting on Combating Terrorism organized in Vienna by the FSC, as well as to the contribution of the Politico-Military Dimension to the important documents that cover aspects which are relevant both for the Permanent Council and for the Forum for Security Co-operation, particularly the OSCE Charter on Preventing and Combating Terrorism, and the OSCE Strategy to Address Threats to Security and Stability in the Twenty-first Century.

The Chairmanship draws attention to the Forum for Security Co-operation's contribution to the decision on the **OSCE Annual Security Review Conference**, and to the future success of the Conference.

The Chairman-in-Office closely followed the activities of the Personal Representative for the Article II/Vienna Agreement on confidence- and security-building measures in Bosnia and Herzegovina, and the Article IV/Florence Agreement on sub-regional arms control, and supported and recognized the work of the States Parties for the full implementation of these Agreements.

Considering the **CFE Treaty** as one of the most important instruments for the European security architecture, the Portuguese Chairmanship seconded the efforts made by the States members of the Joint Consultative Group towards the ratification and subsequent entry into force of the **Agreement on Adaptation**.

The Chairman-in-Office followed with attention the decisions taken by the Open Skies Consultative Commission after the **entry into force of the Treaty on Open Skies on 1 January 2002**. As the Treaty is a decisive step towards security, stability and the enhancement of existing confidence- and security-building measures, the **Portuguese Chairmanship has fully supported the application for accession of a number of States to the Treaty since its entry into force**.

#### **4. Reforming the OSCE**

Participating States agreed to pursue work on reform in the framework of the already existing Working Group, which continued to meet throughout this year on a regular basis.

Simultaneously, delegations decided to set up, in the context of the informal Financial Committee (IFC), five Working Groups and Special Tasks on Staff Regulations, Financial Regulations, Scales of Contribution, Budget Outline 2003 and Budget Procedures and Management. A regular exchange of information and a good level of interaction was ensured between the Working Group and the five sub-structures of the IFC.

Participating States agreed on a pragmatic, step by step approach to the exercise, concentrating on issues that were close to consensus in the previous year. The aim, which was clearly set out, was to arrive at the Porto Ministerial Council with a comprehensive and concrete package which would allow the working procedures of the OSCE to be streamlined and the management of the Organization to be enhanced, thus improving its overall efficiency.

In this perspective and after wide consultations, the Chairmanship produced, with the collaboration of the members of the Troika, a working paper entitled "Developing the Elements on Improving the Management of the Organization". Participating States responded actively to this paper and used it as a working document for their discussions.

The incremental and result-oriented approach which was adopted allowed participating States to approve the following decisions: **Improving the Budgetary Management of the OSCE (PC.DEC/486)**, **OSCE Statements and Public Information (PC.DEC/485)**, **Role of the OSCE Chairmanship-in-Office (MC(10).DEC/8)**,

## **Establishment of the Integrated Resource Management (IRMA) Fund (PC.DEC/493), Improving Annual Reporting on the Activities of the OSCE (PC.DEC/495).**

The Chairmanship also pursued all efforts towards the adoption of other important decisions, such as those concerning the Annual Report on OSCE Activities, a handbook for OSCE heads of mission, and the opening of an OSCE liaison office in Brussels to NATO and the EU as well as a future discussion on a New Mission Concept.

## **5. Reinforcing the Operational Capacity of the OSCE**

### **5.1. Budgetary Issues**

The 2002 OSCE Unified Budget amounted to 177,500 million euros and was approved by the Permanent Council on 12 April 2002, after a long and challenging process. In spite of the achievements of the technical discussions initiated in October 2001 - when Portugal assumed the Chair of the informal Financial Committee (IFC) - the debate for the 2002 budgetary proposal was politicised by some participating States. The budget deadlock demanded systematic efforts on the part of the Portuguese Chairmanship, namely through contacts at the highest political level.

The approval of the 2002 Unified Budget was made possible due to the adoption by the Permanent Council of a revised Standard Scale of Contributions, which applies until 31 December 2004. This decision was seen as a major achievement for the Organization since the structures of the Helsinki Scale had remained unchanged since 1992 and because it contributed to the OSCE political and financial stability until 2005. A working group was established by the Chair of the IFC to conduct discussions on the methodology which should be used to set up a new Standard Scale of Contributions as of January 2005. The Group accomplished significant progress, particularly in close co-operation with the United Nations.

In the context of the IFC, the Portuguese Chairmanship paid special attention to the development of actions with high political and financial impact in order to improve the management of the OSCE. Five Working Groups and Special Tasks established and co-ordinated by the Portuguese Chair operated in full activity: Working Group on Staff Regulations, Working Group on Financial Regulations, Working Group on Scales of Contribution, Working Group on Budget Outline 2003 and Budget Procedures and Special Task on Management.

### **5.2. OSCE Police-Related Activities**

The Chairmanship closely followed the enhancement of the OSCE's role in police-related activities, specifically concerning assistance to the participating States wishing to strengthen their policing skills. For this purpose, the Chair supported the efforts of the Secretary General and of the Senior Police Adviser in setting up the Strategic Police Matters Unit. The Chairman of the Permanent Council presided over the meeting of the OSCE Police and Law Enforcement Experts, held in Vienna on 9 and 10 October.

## 6. Regional Issues

In a year so full of important developments for the future of the region, **South-Eastern Europe** was a clear priority for the Chairmanship. The OSCE, through the ODIHR and the various field missions, played an important role in ensuring that the numerous elections held across the region conformed with international standards. The overall result was a positive one, as these elections were another step forward in the consolidation of democratic institutions and practices in South-Eastern Europe. The Chairman-in-Office visited the region on various occasions and re-appointed the Personal Representative for Articles II, IV and V of the Dayton Agreement, as well as the Special Envoy of the Chairman-in-Office on the former Yugoslav Republic of Macedonia. The Chairman-in-Office also appointed a new Head of Mission in Kosovo, Federal Republic of Yugoslavia, in Albania and in the Federal Republic of Yugoslavia. In the light of the Platform for Co-operative Security, the Chairmanship presented concrete proposals for enhancing co-operation and articulation between international organizations and institutions working in the region. These proposals set forth various co-operation mechanisms both at headquarters level and in the field.

In the **Federal Republic of Yugoslavia**, the OSCE mission continued to provide assistance to the ongoing reform and democratization process, developing programmes and activities in a variety of areas: judicial and penal reform, return and reintegration of refugees and displaced people, institution building, human rights and media development. The OSCE Mission played a much valued role in assisting the authorities in the reform and restructuring of the internal security forces, both through the mission's police training programme and through the support given in defining priorities and co-ordinating international aid. The programme and action plan developed by the mission for Southern Serbia - in support of the Covic Plan - proved to be a successful one, clearly reaffirming the OSCE's special vocation for conflict prevention and confidence-building. The period under review also saw the smooth integration of the office in Podgorica into the overall programmes and activities developed by the OSCE Mission to the Federal Republic of Yugoslavia. The Chairmanship provided continuous support to the efforts of the Mission and those of the ODIHR in assisting the authorities in Belgrade and Podgorica in strengthening their electoral framework, bringing it closer to European and international standards. The Chairman-in-Office also supported the principle that the redefinition of the relations within the Federation be achieved through sustained and constructive dialogue and subsequently welcomed the Agreement on the Proceeding Points of Relations between Serbia and Montenegro. This agreement was an important step in the right direction and one which will bring greater stability not only to Serbia and Montenegro, but to the region as a whole.

In **Kosovo, Federal Republic of Yugoslavia**, the OSCE Mission organized the second municipal elections to be held in the province since 1999. These were a success from a technical and operational point of view. OMIK also continued to develop its various institution-building activities within the UNMIK structure, training a multi-ethnic police service, building democratic institutions and promoting human rights. The Chairmanship provided political support to the work of the Mission and to that of UNMIK towards ensuring peaceful and fully participative elections. The Chairmanship supported the OSCE Mission streamlining process in line with the establishment of the Provisional Institutions of Self Government and with the benchmark strategy, as defined by the Special Representative of the United Nations Secretary-General.



In the **former Yugoslav Republic of Macedonia** the concept of a Platform for Co-operative Security took on a concrete operational dimension. Through an articulated and complementary international effort at all levels, implementation of the Ohrid Framework Agreement continued steadily, thus consolidating peace and stability. The Chairmanship gave full political support to this process and paid the utmost attention to the co-ordination effort, both at headquarters level and in the field. The OSCE Spillover Mission to Skopje made a major contribution to the overall effort, assisting the authorities in building confidence and bringing stability to the former crisis area. The Mission also played an important role in defusing tense situations, in enhancing police skills, in training multiethnic police forces and in assisting the authorities with the reform of the police. The 15 September 2002 Parliamentary elections in the former Yugoslav Republic of Macedonia, which were monitored by the ODIHR, represented a step further towards the consolidation of democratic institutions in the country and were a clear vote of confidence in the peace process.

2002 was an important year in **Bosnia and Herzegovina** both for the country and for the OSCE Mission. For the first time since the end of the war, the authorities of Bosnia and Herzegovina were responsible for organizing and conducting elections. Notwithstanding the technical complexity of these elections, they proved to be a job well done and were largely in line with international standards for democratic elections. The nationalization process and hand-over of the full responsibility for elections by the OSCE proved successful and further strengthened its already solid record in the field of capacity and institutional building. Another important exercise faced by the OSCE Mission in Bosnia and Herzegovina in 2002 was that of streamlining the international presence in the country. The OSCE Mission to Bosnia and Herzegovina adapted swiftly to the restructuring of the international community tasks and priorities, as set out by the High Representative. The key role of the OSCE in the field of human rights and rule of law was recognized. The OSCE continued to develop its activities in the areas of property law implementation, and democratization and civil society; the Mission also enhanced its role in the fields of education and security co-operation. The contribution of the Mission to the peaceful reduction of the Federation armed forces and to increasing transparency in military budgets was essential to the strengthening and stabilization of these institutions.

In **Croatia** the OSCE continued to implement its mandate in the fields of return of refugees and displaced people, and reform of the judiciary, as well as media and police related reforms. The year was marked by an improved working relationship between the OSCE and the Croatian authorities. The Chairmanship supported the downsizing and restructuring of the Mission undertaken this year and welcomed the understanding to proceed with the nationalization of professional posts. The Mission to Croatia presented two Status Reports to the Permanent Council, assessing progress in mandate-related issues, and the Chairmanship presented a mid-year perception with recommendations on key areas.

The OSCE Presence in **Albania** continued to support the Government and local authorities in combating organized crime, border management activities, institution-building programmes, the fight against trafficking in drugs, weapons and human beings, anti-corruption and monitoring weapons collection. On 17 April 2002, the Chairmanship and the EU Presidency co-chaired the Sixth International Conference of the Friends of Albania Group. The meeting focused on the process of democratic transition in Albania as well as the progress made in the field of institutional and structural reforms. Rule of law, judicial reform, combating corruption, trafficking and organized crime and economic development in Albania were at the top of the agenda. Albania was commended for its constructive role in regional

co-operation and the Friends of Albania welcomed the progress achieved by Albania in its relations with the European Union.

The Chairmanship supported the refocusing of the Presence's priorities and activities on rule of law, democratization, trafficking in human beings and border management activities. The Chairmanship also supported the ongoing work of the ODIHR and the OSCE Presence in the area of electoral reform, including implementation of the ODIHR recommendations following the 2001 parliamentary elections, with a view to the 2003 municipal elections and to the achievement of further progress in the consolidation of democratic institutions in Albania.

The Portuguese Chairmanship endorsed the appointment of Dr. Erhard Busek as the Special Co-ordinator of the **Stability Pact for South Eastern Europe** and invited him to address the OSCE Permanent Council twice. The OSCE continued to co-operate closely with the Stability Pact for South Eastern Europe and welcomed the priorities and the clear working agenda set out by the Special Co-ordinator, as well as the activities carried out during this year.

The OSCE's activities in **Georgia** were particularly challenging and the Chairmanship's visit to the Caucasus was instrumental with a view to gaining an in-depth understanding of the OSCE's role in this country. In regard to the South Ossetian negotiating process, the Chairmanship hosted in Castelo Branco and Lisbon the Eighth Meeting of the Experts Group on Political Issues. In the signed Protocol, particular importance was given to the role of the European Commission in the economic rehabilitation of the conflict zone and the new proposal aiming at the establishment of a "tax disc system" which would further improve customs control in South Ossetia. The validity of the "Baden Package" as a basis for discussion concerning the future political status of South Ossetia was also reaffirmed and all sides acknowledged the need to strengthen the confidence- and security-building measures, in particular the one related to police co-operation. The agreement reached represented a very positive step in the resolution of this conflict in the Caucasus, assuring the continuity of the momentum of the process and allowing high expectations to be sustained for the future, in which it is hoped that the two sides will continue to be inspired by the spirit of Castelo Branco.

On the conflict in Abkhazia, the Chairmanship followed with the closest attention the development of events and supported the efforts of the United Nations in the peace process, namely in terms of conflict resolution and human rights.

The work of the Border Monitoring Operation of the OSCE Mission to Georgia continued to make a significant contribution to stability and confidence in the region. The implementation of the extension of the Operation to the Ingush sector of the Russian-Georgian border and, more recently, the approval of the further extension to the Dagestani sector were major achievements of the Portuguese Chairmanship. The implementation of additional measures to further strengthen the effectiveness of this operation should also be noted.

Some progress on the implementation of the Istanbul commitments was achieved throughout the year, namely the OSCE experts visit to the Gudauta base, which was an important step towards its legal transfer. Further progress is expected with a view to full compliance. Also particularly important was the successful conclusion of the Melange Project

- aimed at neutralization of missile fuel into fertilizer for the acid soil in Western Georgia, administered by the OSCE.

In the **Nagorno-Karabakh** negotiating Process, the recent increase of bilateral meetings between President Aliyev and President Kocharian should be welcomed, as well as the new complementary format of negotiations at the level of Personal Representatives of the Heads of State, although the lack of significant progress towards reaching a settlement of the conflict must be regretted.

The Chairman-in-Office during his visit to Armenia and Azerbaijan expressed to both Presidents the utmost importance of further talks on this issue. Throughout the year the Chairman-in-Office also had several meetings with the Co-Chairmen of the Minsk Group and gave full support to their efforts with a view to the achievement of a consolidated and peaceful settlement of the Nagorno-Karabakh conflict. The activities of the Personal Representative of the Chairman-in-Office on the Conflict Dealt with by the Minsk Conference were instrumental in building trust and understanding through the implementation of a series of confidence-building measures in the area of conflict. The swift approval of the Porto statement on the Nagorno-Karabakh conflict was indeed a positive step in this complex negotiating process.

In **Chechnya**, the Assistance Group established an important field of activity on the ground in Znamenskoye, leading humanitarian assistance to the Chechen population, in close co-ordination with other international organizations acting there. The Assistance Group also made a relevant intervention on the return of internally displaced people from neighbouring regions and maintained co-operation with central and local authorities in areas of institutional building. The Chairmanship recognized the efforts made towards the normalization of the situation, especially through the promotion of constitutional reform that would lead to the establishment of locally elected bodies.

**Belarus** - Portugal congratulated itself with the reopening of the OSCE field mission in Belarus, in its new format, the OSCE Office in Minsk, succeeding the AMG. We were grateful to all those involved in the lengthy negotiations that culminated with the Permanent Council decision of 30 December, especially the Government of Belarus. Portugal was pleased with the fact that the dialogue initiated by the then Chairman-in-Office in New York last September, proved to be the only solution to re-establish the co-operation of the Organization and Belarus. We believed however that the opening of the OSCE Office in Minsk embodied the departing point of such co-operation, not the arrival one. We expected from the Government of Minsk the implementation of the commitments undertaken within OSCE, namely those pertaining to democracy, rule of law and human rights. In that light we viewed with concern the interpretative statement presented by the Belarusian representation at the 30 December Permanent Council.

In **Moldova**, substantial developments took place on the political track. Five-sided talks between the two parts and the three mediators resumed after a lengthy period of interruption and, following a meeting in Kiev, the parts agreed to discuss a proposal put forward by the mediators on the future political status of Transdniestria within Moldova. Despite some initial advances, negotiations were slow in producing results, mainly due to difficulties raised by the Transdniestrian side. The Chairmanship hoped that a serious engagement of all the involved actors can lead to the adoption of an agreement to solve this long-delayed conflict. To this purpose the Chairmanship visited the country and appointed an

Ambassador-at-Large who led negotiations on the OSCE's behalf. Portugal expected that the seeds planted by the mediators in 2002 will fructify in 2003. In that light we congratulated ourselves with the outcome of the five-sided meeting in Moscow last December, where both parties to the conflict laid the ground for the adoption of a constitutional agreement on the future status of Transdniestria within an unified Moldova.

The Chairmanship recognized the efforts of the Russian Federation towards the fulfilment of the commitments undertaken at the 1999 Istanbul Summit. The OSCE pursued its facilitating role through the management of the voluntary fund established for this purpose. The Chairmanship regretted that, despite the Russian Federation's hard work and the international support, the 31 December deadline would not be met. We were very pleased with the language adopted at the Porto Ministerial declaration and with the Russian commitment to withdraw and destroy all the equipment and ammunition stationed in Transdniestria until the end of 2003.

In **Ukraine**, the Chairmanship led negotiations to increase the visibility and efficiency of the Office of the Projects Co-ordinator and expressed the desire for renewed and substantial efforts to consolidate democratic institutions. To this end the Chairmanship also participated in the electoral observation of the 2002 legislative elections.

**Central Asia** was identified right from the beginning as a key priority for the Portuguese Chairmanship. The Chairmanship's particular focus on the region was also reflected in the appointment of Ambassador Herbert Salber as Special Advisor of the Chairman-in-Office on tasks in support of participating States from Central Asia. In this capacity, he visited the region on numerous occasions to develop new activities with particular attention to co-operation in the Economic and Environmental Dimension as well as in the security framework.

One of the key aspects of the Portuguese Chairmanship's strategy towards Central Asia was achieving a better balance between the activities of the three dimensions of the OSCE. In this sense, Portugal aimed at reinforcing the economic and environmental and political and military dimensions, but always making it clear to the Central Asian countries that this would not be achieved at the cost of their commitments within the human dimension. This fact was recognized with great satisfaction by the five Central Asian heads of delegation in their meeting with the Chairman-in-Office during the Tenth Meeting of the Ministerial Council, and was also reflected in the Porto Ministerial statement for Central Asia.

Within the framework of the political and military dimension and in response to concerns of participating States in Central Asia about international terrorism, organized crime, and drug and arms trafficking, the Chairmanship made serious efforts to implement the Action Programme adopted at the Bishkek Conference in December 2001. To this end, Ambassador Salber carried out a series of consultations with the Central Asian governments in order to establish priority areas where the OSCE could define specific programmes of activities and projects.

One of the areas chosen was the training of police and border-guard forces. With the decisive assistance of the Special Police Advisor, Mr. Monk, training programmes for these forces were agreed with the authorities of both Kyrgyzstan and Tajikistan.

The Chairmanship also gave priority to the strengthening of the economic and environmental dimension. While acknowledging that the OSCE was not a “financial” organization *per se*, the Chairmanship made serious efforts to reinforce the capabilities of the Organization in providing assistance in these fields. In this context, Portugal collaborated with the OCEEA and the authorities of the Central Asian countries in the drafting of a working document which defined a clearer strategy for the economic and environmental dimension of the OSCE for Central Asia.

Furthermore, and taking into account the focus of the Tenth Meeting of the Economic Forum on the management of water resources, the Chairmanship tried to give its full support to the OSCE missions and centres in Central Asia to develop projects in this field and to reinforce co-ordination with other relevant international organizations, such as the United Nations Economic Committee for Europe and its Special Programme for the Economies of Central Asia (SPECA).

The Chairmanship also attached particular importance to the cultural and educational areas of co-operation between the OSCE and its five participating States from Central Asia. Through intense and positive work, the Chairmanship, together with the Kyrgyz Government, opened last December the OSCE Academy in Bishkek, a postgraduate institute in OSCE studies. Several academic institutions from other participating States are providing their experience and know-how in this field and this institute should become a reality soon.

Another area to which the Chairmanship paid particular attention was the strengthening of co-operation with other international organizations in their activities in Central Asia. While consultations were undertaken at headquarters level with the World Bank, the European Bank for Development and Reconstruction and with the Asian Bank for Development, the main focus was put on co-ordination with the EU. At the Council of the EU in Brussels, Portugal put forward a working document on “OSCE-EU Co-operation on Central Asia” which presented proposals for areas and methods of further co-operation between the two organizations in their activities in Central Asia. With the previous work of the Spanish and Danish Presidencies of the EU, this document is now enabling the European Commission to identify, with the assistance of programmes such as TACIS, areas where the OSCE can be an active partner with added value.

The Chairman-in-Office visited the region on two occasions. In July Minister Martins da Cruz visited Kyrgyzstan and Tajikistan, and in October and November he travelled to Kazakhstan, Uzbekistan and Turkmenistan. As with the Chairmanship’s strategy for the region, these visits were undertaken in a positive spirit of co-operation with the Central Asian governments. The key message delivered was that the OSCE was committed to constructively engage these countries across all three Dimensions of the Organization. The Chairman-in-Office offered all the available instruments of the OSCE in developing projects in the economic and environmental fields and in the fight against terrorism and other security concerns. While fully understanding the difficulties that “young” democracies normally go through in the “management of the state”, Minister Martins da Cruz encouraged the Central Asian governments to continue their efforts in complying with their commitments within the human dimension.

## **7. Increased Co-operation with the OSCE Parliamentary Assembly**

The development of a close **relationship of dialogue and co-operation with the OSCE Parliamentary Assembly (OSCEPA)** was set by the Chairmanship as an important goal, bearing in mind the valuable role played by this important institution in bringing the OSCE closer to the citizens and the national constituencies.

The Chairman-in-Office received in Lisbon, in the first semester, President Adrian Severin (who participated in the 12 June Lisbon Meeting) and, in the second semester, President Bruce George. The President of the OSCEPA also attended the two Troika Meetings. Discussions allowed the common objective of enhancing synergies between the Parliamentary Assembly and the other OSCE institutions and organs to be reaffirmed. The Chairman-in-Office welcomed, in this context, the decision of the OSCEPA to open a liaison office in Vienna and considered that it would foster a closer interaction and exchange of information and modalities for increased co-ordination and collaboration.

The Chairman-in-Office addressed the first winter session of the OSCEPA, which was held in Vienna on 21 February. The Chairman-in-Office welcomed this initiative and emphasized that it made clear the proactive contribution that the OSCEPA was making to the Organization.

The Chairman-in-Office also addressed the Eleventh Annual Session of the OSCEPA, which took place in Berlin on 6 July on the theme “Confronting Terrorism - a Global Challenge in the Twenty-first Century”. The Chairman-in-Office commended the OSCEPA for choosing such a timely topic and underlined the important role of the national parliaments in pushing forward the “legislative dimension” of the prevention and combating of terrorism, as foreseen in the Bucharest Plan of Action.

## **8. The Platform for Co-operative Security**

Taking advantage of the fact that Portugal belonged to the main international and regional organizations which form the Euro-Atlantic security architecture, the Chairmanship sought to develop in concrete and pragmatic terms the operational concept of the Platform for Co-operative Security. The best example of such efforts was the 12 June meeting in Lisbon on preventing and combating terrorism.

### **8.1. Co-operation with the United Nations**

The Chairman-in-Office visited New York twice during the year, holding meetings with the Secretary-General of the United Nations and with the President of the Security Council. Co-operation in the fight against terrorism was at the top of the agenda of those meetings which also allowed various security-related issues to be taken up.

The Chairman-in-Office addressed the 57th General Assembly of the United Nations on 15 September 2002. Additionally, the Chairmanship made an intervention on OSCE-United Nations collaboration during the debate on UNGA agenda item 21. In the wake of this debate, the Chairmanship introduced in New York, after consultations in Vienna, a draft resolution on co-operation between the United Nations and the OSCE, which was adopted on 20 December 2002.

The Chairman-in-Office addressed the Commission on Human Rights in Geneva on 20 March 2002. On the invitation of the Chairman-in-Office, the High Commissioner for Human Rights addressed the OSCE Permanent Council on 21 November.

The Chairmanship made a statement in the High Level Conference on strengthening co-operation in South-East Europe, organized by UNESCO in Paris on 4 and 5 April 2002. The Chair was represented at a working level at a conference between the United Nations and regional organizations on "Co-operation in Conflict Prevention and Peace-Building", held in New York from 30 April to 2 May. The Chairmanship also attended as observer the 53rd session of the Executive Committee of the United Nations High Commissioner for Refugees, held in Geneva from 30 September to 4 October.

## **8.2. Co-operation with the European Union**

Intensive efforts at co-operation were developed in 2002 between the OSCE and the EU. A number of meetings and mutual visits took place at the highest level throughout the year, fostering the exchange of information and the identification of ways to further complementarities and mutually reinforcing efforts between the two Organizations in their common areas of action, namely, in the fight against terrorism, conflict prevention, and regional issues.

During the Spanish Presidency of the European Union, the Chairman-in-Office, accompanied by the Secretary General, participated in Brussels on 29 January, in the first ever meeting with the EU's Ministerial Troika, thus inaugurating this new type of dialogue anticipated in the document adopted by the EU in 2001 on the reinforcement of co-operation between the EU and the OSCE.

During the Danish Presidency of the Union, the Chairmanship received in Vienna the first visit paid by the EU Ambassadorial Troika of the Political and Security Committee to the OSCE on 10 July 2002. The Chairman-in-Office also invited Mr. Javier Solana, High Representative for the Common Foreign and Security Policy of the EU, to address the Permanent Council on 25 September 2002.

On 29 August, the Chairman-in-Office addressed the EU Regional Conference on Conflict Prevention held in Helsingborg. This Conference allowed the Chairman-in-Office to underline the OSCE's long standing experience and contribution in terms of preventive diplomacy.

In addition to these high level contacts and to the regular updates on OSCE issues by the Chairman-in-Office to the General Affairs and External Relations Council and by Portugal in the framework of the Political and Security Committee and in the Common Foreign and Security Policy (CFSP) working groups in Brussels, which helped to enhance co-ordination and co-operation between the OSCE and the EU at headquarters' level, the Chairmanship endeavoured to increase collaboration between the two Organizations in the field. To this end Portugal put forward in Brussels two working documents which were approved by EU partners: one on EU/OSCE co-operation on Central Asia and another on enhancing co-operation and articulation between international organizations and institutions working in South-Eastern Europe, with particular focus on EU/OSCE collaboration in view of the Stabilization and Association Process.

### **8.3. Co-operation with NATO**

The Chairman-in-Office received in Lisbon, on 10 January, the Secretary General of NATO, Lord George Robertson, to discuss the strategy of joint work between the OSCE and the Alliance in 2002, in particular concerning the fight against terrorism, politico-military issues (arms control, CSBM and SALW) and the support given by NATO to the work undertaken by the OSCE in South-Eastern Europe, namely in the former Yugoslav Republic of Macedonia.

It should be emphasized that Lord Robertson was the first Secretary General to confirm his participation in the 12 June Lisbon Conference.

Throughout the year, Portugal regularly briefed the members of the Euro-Atlantic Partnership Council (EAPC) on the development of the activities of the OSCE and of the Chairmanship. The Chair was also represented in the various NATO/OSCE staff-level meetings.

### **8.4. Co-operation with the Council of Europe (CoE)**

The Chairmanship aimed at reinforcing the long standing and fruitful co-operation between the OSCE and the Council of Europe, namely on the basis of the “Common Catalogue of Co-operation Modalities”.

The fight against terrorism appeared at the forefront of the common endeavours of both organizations, with a view to underpinning their respective strategies and activities in countering terrorism and its financing sources, ensuring simultaneously respect for standards of democracy, human rights, rule of law, inter-cultural and inter-religious dialogue.

A series of high level meetings between the two organizations took place throughout the year. The Chairman-in-Office received in Lisbon on 14 February the Chairman of the Committee of Ministers of the Council of Europe, Mr. Antanas Valinois, Lithuanian Foreign Minister.

The Chairman-in-Office addressed the 111th Session of the Committee of Ministers of the CoE, which took place in Strasbourg on 7 November. On behalf of the Chairman-in-Office, the Portuguese Secretary of State for European Affairs addressed the 110th Session of the Committee of Ministers of the CoE held in Vilnius on 2 and 3 May.

The Chairman-in-Office invited the Secretary General of the CoE, Mr. Walter Schwimmer, to take part in the 12 June Lisbon Conference and to address the OSCE Permanent Council on 18 July.

The Chairmanship participated in the tripartite high level meeting between the Council of Europe, the OSCE and the United Nations, held in Strasbourg on 7 and 8 February. The Chairman of the Permanent Council presided over the Fifth “2+2/3+3” meeting at the level of Senior Officials in Vienna on 12 July 2002.



## 8.5. Co-operation with other Organizations

The Chairman-in-Office met in London with the President of the European Bank for Reconstruction and Development and (EBRD) to discuss potential common projects with the OSCE in Central Asia. For the same purpose, the Chairmanship held a meeting in Washington with representatives of the World Bank. The Chairmanship-in-Office highlighted the role of the OSCE in its intervention at the Asia-Europe Meeting (ASEM) Summit held in Copenhagen on 22 September 2002.

## 9. Co-operation with other geographical areas - Asian and Mediterranean Partners and Neighbouring Regions

According to current practice, the Chairman-in-Office **entrusted the task of chairing the Contact Group with the Mediterranean Partners for Co-operation (MPCs) in 2002 to the Netherlands**, in their capacity as incoming Chair. During the year the Contact Group met on a regular basis, receiving regular briefings on OSCE activities by the Representative of the Chairman-in-Office in Vienna.

The Annual OSCE Mediterranean Seminar was held in Rhodes on 4 and 5 November 2002 and dealt with the subject of **“The Media and New Technologies: Implications for Governments, International Organizations and Civil Society”**. The Seminar was attended by representatives from all six OSCE Mediterranean Partners, numerous OSCE participating States, and other international organizations, namely the Council of Europe, UNESCO, the League of Arab States and the Organization of the Islamic Conference, as well as representatives from civil society. The Seminar generated an interesting debate on the ways that the rapid technological evolution of communications was affecting the political and diplomatic activities of governments and international organizations and on the need for the later to adapt to these new circumstances. In addition, some practical follow-up proposals were put forward, namely the invitation to the Mediterranean Partners to attend media related *fora* at European level (i.e., European Platform of Media Regulatory Authorities) and the organization in the near future of an OSCE Mediterranean Forum for the Media.

During the period under review, the OSCE also **maintained and developed a positive dialogue with its Asian Partners for Co-operation**. The Partners displayed continued interest in the OSCE activities. The Chairmanship highly appreciated their contribution and willingness to enhance the existing good co-operation.

By invitation of the Portuguese Chairmanship, **Romania was given the responsibility of running this dossier. A joint OSCE-Thailand Conference on “The Human Dimension of Security”** was held in Bangkok on 20 and 21 June 2002. The Seminar was attended by representatives from all three OSCE Asian Partners, numerous OSCE participating States, OSCE institutions, and other international organizations, namely the United Nations High Commissioner for Refugees, the United Nations Office for Drug Control and Crime Prevention, the International Organization for Migration and the ASEAN Regional Forum. The Seminar permitted a positive exchange of views regarding trafficking of human beings and drugs, problems which were common to both the Asia-Pacific and the OSCE areas. A specific proposal which came out of this seminar was related to the need of strengthening and institutionalizing the OSCE’s relations with the ASEAN Regional Forum.

Meetings of the OSCE troika with both the Mediterranean Partners for Co-operation and the Asian Partners for Co-operation were held on the 5 December during the Ministerial Meeting of Porto.

## **10. Preparing the OSCE for the new security threats of the twenty-first century**

The emergence and development of new threats to our individual and collective safe-being, on the one hand, and the on-going redefinition of the institutional political and security arrangements in Europe, on the other, demand deep and thorough reflection on the future role of the OSCE within the framework of the Platform for Co-operative Security.

Towards this end, the Portuguese Chairmanship welcomed and supported the proposal for developing an **OSCE strategy to address threats to security and stability in the twenty-first century**. It was in this context that a decision was adopted tasking the Permanent Council to continue its work during the year of 2003 to develop a comprehensive OSCE strategy on this subject.

The Chairmanship endorsed the suggestion that a working group be set up in 2003 to consider a **“New Concept for OSCE Field Missions”**. As a contribution to future debates, the Chairmanship circulated a “food-for-thought” paper entitled “New Generation Missions”. This working document reiterated the continued relevance of the OSCE’s field capacity in view of the evolving security risks and threats and outlined a number of issues to be reflected upon at greater depth.

Another relevant topic to be further developed in 2003 is that of the contribution of the OSCE to **peacekeeping** efforts. The Chairmanship welcomed the proposal for a Porto Ministerial Decision that foresaw further reflection in 2003 on the OSCE’s role in peacekeeping, on the basis of the 1992 Helsinki Document.

## **REPORT ON THE WORK DEVELOPED IN 2002 REGARDING OSCE REFORM**

In accordance with the mandate established in paragraph 5 of the Bucharest Ministerial Declaration of 2001, the Portuguese Chairmanship submits hereafter the report on the work accomplished in 2002 on OSCE reform.

### **I. Methodology and approach**

#### **Methodology**

Participating States agreed to work on reform in the framework of the Working Group which met throughout this year on a regular basis.

Simultaneously, the Portuguese Chairmanship decided to set up, in the context of the informal Financial Committee, the following five Working Groups and Special Tasks:

- Working Group on Staff Regulations;
- Working Group on Financial Regulations;
- Working Group on Scales of Contribution;
- Working Group on Programme Outline 2003 and Programme Procedures;
- Special Task on Management.

A regular exchange of information and a good interplay was ensured between the Working Group on OSCE Reform and the five sub-structures of the IFC.

#### **Approach**

Participating States agreed on a pragmatic, step-by-step exercise, concentrating on issues that were close to consensus last year.

The aim was to arrive at the Porto Ministerial Council with a comprehensive and concrete package which would allow to streamline the working procedures of the OSCE and to enhance the management of the Organization, thus improving its overall efficiency.

In this perspective and after wide consultations, the Chairmanship produced a working paper entitled "Developing the elements on improving the management of the Organization".

Participating States responded actively to that rolling paper and focused their work, during a first period, on the seven clusters of topics which were therein encompassed as follows:

- Reporting by institutions and field operations;
- Secretariat assistance to the Chairman-in-Office, participating States, institutions and field operations;
- Chairman-in-Office;
- OSCE External representation - Platform for Co-operative Security;

- Publicity;
- Human resources;
- Budgets.

The Chairmanship could also count with a strong support from the delegations of the participating States and the Secretariat, which also circulated a number of very relevant contributions.

## **II. Decisions adopted and endorsed**

The incremental and result-oriented approach which was retained allowed participating States to adopt several decisions which are referred hereafter, with highlights to their provisions.

### **1. Improving the budgetary management of the OSCE**

This decision was adopted at the Reinforced Permanent Council of 28 June 2002 (PC.DEC/486).

Its sets out principles for OSCE's budgetary management on the assumption that the "Unified Budget is a key management tool for planning, implementing and evaluating the work of the Organization, its institutions and field operations".

Special emphasis is put on the need to "establish a clear link between the objectives and the resources that will be required/allocated to reach these objectives".

While recalling the overall budgetary responsibility of the Permanent Council, including the establishment of political objectives, the decision foresees a number of procedures and guidelines to be followed by the Secretary General, as "chief administrative office", in consultation with the Permanent Council, for "the efficient use of the Organization's resources".

The Secretary General is expected to "ensure that budget proposals are prepared by programme managers in a transparent and timely manner and according to professional standards". He "will develop a system to process, in a transparent, timely and efficient manner, offers of and requests for extra-budgetary contributions". The Secretary General is also bound to "report on a regular basis to the Permanent Council on management issues no less than twice a year or on request of the Permanent Council".

### **2. OSCE Statements and Public Information**

This decision was adopted at the Reinforced Permanent Council of 28 June 2002 (PC.DEC/485).

Underlining that "OSCE's effectiveness also depends on public knowledge of its work", this decision defines key principles "to provide for the consistency and transparency of the OSCE's policy on public outreach".

In this context the decision lays down that "public statements on behalf of the OSCE as a whole are made by the Chairman-in-Office, the Secretary General and by their authorized official representatives".

It also establishes that “the Press and Public Information Section in the OSCE Secretariat should act as a focal point for timely co-ordination for public statements issued by the Chairman-in-Office, OSCE institutions and field operations to promote consistency with OSCE consensus positions”.

### **3. Role of the OSCE Chairmanship-in-Office**

This decision was endorsed by the Reinforced Permanent Council on 20 October 2002 (PC.DEC/499), and forwarded for adoption by the Ministerial Council at its meeting in Porto.

This decision sets out “guidelines for the activities of the Chairmanship-in-Office”, which actions should be consistent “with positions agreed by all the participating States” and take into account “the whole spectrum of opinions of participating States”.

On this basis, the decision specifies various responsibilities of the Chairmanship-in-Office, namely the following ones:

- “on behalf of the Ministerial Council and the Permanent Council, co-ordination of, and consultations on, current OSCE business”;
- “provide the Permanent Council with required drafts, reports and overviews” and with “recommendations on specific issues”;
- “communicate the views and decisions of Summit Meetings, the Ministerial Council and the Permanent Council to the OSCE Secretariat, institutions and field operations and as such provide them with advice and guidance on their activities as may be required”;
- “carry out its responsibilities for appointments and assignments”;
- “be responsible for the external representation of the OSCE”, pursuing this task in consultation with participating States and with the assistance of the Secretary General “to whom representational tasks are delegated as appropriate”;

The decision also foresees that the Chairmanship-in-Office in performing its duties will be able to seek assistance and support of:

- The Troika and the Secretary General, “drawing upon the expert, advisory, material, technical and other support of the Secretariat”;
- The personal representatives, who may be appointed by the Chairmanship, after “consulting the participating States in advance through the Preparatory Committee”, assigning them “with a clear and precise mandate” to deal “with a crisis or conflict or in order to ensure better co-ordination of participating States’ efforts on specific areas”.

### **4. Establishment of the IRMA Fund**

IRMA is the operational implementation of the Management Agenda programme agreed at Bucharest in 2001. It is a programme that will ensure that the OSCE develops and implements a continually improving model of best practice in management and administration. It will create for the OSCE a professional, cost efficient, budget based

management structure that will ensure that our future operational activities are conducted in the most effective and transparent manner.

This decision was adopted by the Permanent Council of 25 July 2002 (PC.DEC/493).

The decision establishes a “separate fund for the development and the implementation of the proposed Integrated Resource Management System (IRMA)”.

The decision establishes that the “Fund will cover a project implementation period of three years” and will be allocated “EUR 6.9 million ... from the cash surplus from the financial year 2000”.

The decision entrusts the Secretary General to “administer the Fund in accordance with Article VII of the Financial Regulations and will provide quarterly reports on the implementation of IRMA or at more frequent intervals if required”.

The decision also tasks the “informal Financial Committee (IFC) to establish a working group for the duration of the project for the purposes of oversight of the activities within the framework of the IRMA Project and of reporting on its progress, through the IFC, to the Permanent Council, as appropriate”.

## **5. Improving annual reporting on the activities of the OSCE**

This decision was adopted by the Reinforced Permanent Council of 5 September 2002 (PC.DEC/495).

“With the aim to improve the annual reporting mechanisms on the activities of the OSCE”, the decision sets out that the “Secretary General will prepare one comprehensive Annual Report”, which “will cover a reporting period of a full calendar year”, to be “presented to the Permanent Council as early as possible in the first quarter of the following year”.

## **III. Other issues discussed or under consideration**

Others issues and proposals related to the overall management of the Organization were discussed or are at this moment under consideration in the Working Group on OSCE Reform, in the framework of the informal Financial Committee and its sub-structures and in the Preparatory Committee, *inter alia*:

- New staff regulations;
- New financial regulations;
- The Annual Report on OSCE Activities;
- Secretariat support to the Chairman-in-Office;
- Proposal for the establishment of an analytical unit within the CPC;
- Elaboration of a Handbook for OSCE Heads of Mission;
- Opening of OSCE liaison offices.

**LETTER FROM THE CHAIRPERSON OF THE  
FORUM FOR SECURITY CO-OPERATION TO THE  
MINISTER FOR FOREIGN AFFAIRS OF PORTUGAL,  
CHAIRPERSON OF THE TENTH MEETING OF  
THE MINISTERIAL COUNCIL OF THE OSCE**

Your Excellency,

As Chairperson of the Forum for Security Co-operation, I have the honour to inform you of the Forum's activities since the Ninth Meeting of the Ministerial Council, in advance of the Tenth Ministerial Council Meeting in Porto on 6 and 7 December 2002. At the outset, please allow me to briefly report on two new working modalities of the Forum that have been successfully tested this year for the first time. The first relates to the extended chairmanship of the Forum. The second concerns the increased interaction between the Permanent Council and the Forum for Security Co-operation, an autonomous decision-making body of the OSCE with substantial *acquis* and time-tested mandate.

The arrangement to extend the duration of the FSC chairmanship from one month to four months, corresponding to a full session between recesses, came into effect on 1 February 2002. Switzerland held for two months the last chairmanship under the old system. The Czech Republic was the first chairmanship under the new system. Turkey assumed the chairmanship for the first time in the full length between the spring and summer recess. The Federal Republic of Yugoslavia was privileged to hold the FSC Chair after the summer recess. It is widely acknowledged that new modalities of the FSC chairmanship enhanced the Forum's organizational efficiency. Although it creates a considerable workload for the participating State concerned, the extended chairmanship is bearing fruit in terms of ensuring continuity and proper follow-up of pending tasks. At the same time, the function of the FSC Troika has been upgraded and the joint work within the Troika can be seen as a central element behind this satisfactory trend.

The work of the FSC during 2002 was also characterized by the implementation of the Ministerial Council Decision No. 3 on Fostering the Role of the OSCE as a Forum for Political Dialogue MC(9)DEC/3. This decision aims to strengthen the politico-military dimension of the OSCE and to enhance the effectiveness of the FSC. In order to facilitate interaction between the FSC and the PC, the OSCE Chairmanship regularly participates at the FSC Troika meetings, while the FSC Chair participates on some of the OSCE Troika meetings on matters of the FSC's concern. Joint meetings of two troikas have also been a very useful form of consultation. Finally, three joint meetings were organized with the PC. The meeting of 17 April covered international co-operation to counter terrorism, while that on 18 June concerned the implementation of Articles II, IV and V of Annex 1-B of the General Framework Agreement for Peace in Bosnia and Herzegovina. The joint meeting of 13 November dealt with the preparations for the Tenth Meeting of the Ministerial Council in Porto.

In order to connect more closely the FSC activities with overall OSCE work on current security issues, the Ninth Ministerial Council created the possibility for the FSC to make available its expert advice at the request of the Permanent Council or on its own initiative. This process was used for the first time on 18 July when the PC requested the FSC

to provide its expert advice on the implementation of Section V of the OSCE Document on Small Arms and Light Weapons in advance of the Tenth Meeting of the Ministerial Council (PC.DEC/489). Section V of the Document deals with small arms measures as part of early warning, conflict prevention, crisis management and post-conflict rehabilitation. After careful preparations and several weeks of deliberations and negotiations the Forum adopted its first expert advice (FSC.DEC/15/02, 20 November).

The work of the Forum in 2002 might be divided into two main areas - its traditional tasks and its contribution to the fight against terrorism - although they, indeed, also overlap. As the OSCE body responsible for reviewing OSCE commitments in the fields of arms control and confidence- and security-building measures, the Forum has continued its essential tasks to closely follow and improve implementation of the Vienna Document, the Code of Conduct on Politico-Military Aspects of Security, OSCE Document on Small Arms and Light Weapons and other OSCE documents relating to politico-military aspects of security. At the same time, in accordance with the mandate from the Bucharest Plan of Action for Combating Terrorism, the Forum has been used by the participating States to strengthen their efforts in preventing and combating terrorism through full and timely implementation of all relevant documents adopted within the FSC.

In order to enhance the full implementation of all CSBMs and, in particular, of the Vienna Document 1999, the FSC held its Annual Implementation Assessment Meeting from 4 to 6 March, with the participation of some 250 delegates. The survey of suggestions from this meeting was subsequently discussed in some depth in the FSC. As a result of this work the Announcing and Reminding Mechanism was revised which authorizes the Chairperson of the FSC to take necessary action to implement it (FSC.DEC/10/02).

Both in line with its traditional mandate and in accordance with the Bucharest Plan of Action the FSC has placed a particular emphasis on the OSCE Document on SALW. On 4 and 5 February the Workshop on Implementation of the OSCE Document on SALW was held under the Czech chairmanship which was attended by more than 230 participants representing participating States, Partners for Co-operation, OSCE missions, international organizations and non-governmental organizations. As part of the follow-up to this workshop two very useful tools were developed by the Conflict Prevention Centre (CPC) in order to improve information exchange among participating States - "templates" for the 2002 exchange and a "model answer" for the 2001 exchange. Both were endorsed by the FSC Troika, which issued statements encouraging all participating States to follow these documents. The "model answer" was also forwarded to the United Nations (FSC.DEC/9/02).

On 10 July the FSC took decision to develop a set of best practice guides on eight different areas related to the control of SALW (FSC.DEC/11/02). The decision encouraged interested participating States to undertake preparations of these guides, with technical assistance and the overall co-ordination of the CPC. Eleven delegations announced their willingness to prepare the best practice guides on seven of the eight topics concerned. On 27 November, the CPC informed the Forum that a number of drafts have already been reviewed by those participating States directly involved in the process, and will soon be ready for discussion in the FSC's Working Group B. These include the guides dealing with national procedures for export and import control; definitions and indicators of a surplus, and techniques and procedures for destruction. The remaining chapters are expected to be finalized in good time for the March 2003 deadline set by the decision.



The Third Follow-up Conference on the Code of Conduct on Politico-Military Aspects of Security, held on 23 and 24 September under the Yugoslav chairmanship and attended by some 200 participants, fully confirmed the lasting importance and validity of all provisions of this document, whose cross-dimensional nature was particularly highlighted. On the basis of the excellent overview prepared by the CPC at the request of the FSC, the Conference reviewed the information exchange on the Code. Following this Conference, the FSC decided to further expand the information exchange concerning national efforts to combat terrorism (FSC.DEC/16/02). The reformulation and rationalization of the entire questionnaire is under consideration.

As already mentioned, the tasks given to the FSC by the Bucharest Plan of Action for Combating Terrorism were the main priority throughout the year. The Plan of Action tasked the FSC to enhance the implementation of the existing politico-military commitments, in particular the Code of Conduct and the Document on SALW, to examine the relevance of all its other documents to the fight against terrorism and to assess whether there is a need to develop additional norms and measures. The FSC adopted its Road Map for implementation of the Bucharest Plan of Action on 20 March under the Czech chairmanship. As envisaged in the FSC Road Map, on 14 and 15 May an Expert Meeting on Combating Terrorism Within the Politico-Military Dimension of the OSCE was organized under the Turkish chairmanship. This meeting afforded delegations an excellent opportunity to gain a better understanding of this complex, multi-faceted and ever mutating phenomenon in order to prepare a multi-dimensional, integrated and well co-ordinated response. The Expert Meeting, which was attended by more than 200 participants, produced numerous proposals on how to fight terrorism within the politico-military dimension of the OSCE, many of which have subsequently been analysed by the FSC. Another important part of the FSC's Road Map was also completed under the Turkish chairmanship when, from 22 May to 3 July, Working Group B examined the relevance of all FSC documents (apart from the Code of Conduct and SALW Document) in combating terrorism. The FSC Chair presented its findings from this comprehensive "screening process" to the Forum (FSC.DEL/423/02).

Regular discussions under the Security Dialogue within the FSC have been additionally enriched during 2002. Several countries decided to use this framework to present their national documents on defence planning. This new practice was received very favourably as strengthening transparency within the politico-military dimension of the OSCE. In addition, representatives of several international organizations (Wassenaar Arrangement, NATO/EAPC, SEESAC) briefed the FSC on their activities on SALW.

The Security Dialogue was also used as a framework for participating States to offer their perceptions regarding new security threats and challenges. After the summer break, there was an intensified discussion concerning the FSC's own contribution, within its competences and its own mandate, to work on the OSCE Strategy to counter the threats to security and stability in the twenty-first century in line with paragraph 8 of the Bucharest Ministerial Declaration.

The FSC was also heavily involved in the preparation of some other possible Ministerial decisions. On 2 October the FSC had an extensive debate on the proposal of the Russian Federation concerning peacekeeping operations. On several occasions the FSC gave its own perspective regarding the proposal to establish an Annual Security Review Conference. The FSC also contributed to the drafting of the OSCE Charter for Preventing and Combating Terrorism. Additionally, the FSC also decided to start dealing with the security

risk arising from stockpiles of ammunition and explosives for use in conventional armaments in surplus or awaiting destruction in the OSCE area (FSC.DEC/18/02).

In the line with our previous decisions, the FSC places particular emphasis on ongoing modernization efforts for the OSCE Communications Network. At the same time, in order to enable the functioning of the existing Communications Network, appropriate decisions to extend the back-up procedure for the operation of the OSCE Communications Network were adopted.

On the basis of activities conducted in 2002 and bearing in mind the OSCE's priorities in 2003, it can be concluded that further close co-ordination between the FSC and the PC is needed on several issues, such as work on the OSCE Strategy for the twenty-first century, the future discussions on peacekeeping, the FSC's involvement in the Annual Security Review Conference and further operationalization of Section V of the SALW Document. This would also be very much in the line with our commitment to integrate the FSC more closely into the overall OSCE work on current security issues.

Your Excellency, you might deem it useful to reflect these developments in appropriate documents of the Ministerial Council.

**LETTER FROM THE CHAIRPERSON OF THE  
JOINT CONSULTATIVE GROUP TO THE  
MINISTER FOR FOREIGN AFFAIRS OF PORTUGAL,  
CHAIRPERSON OF THE TENTH MEETING OF THE  
MINISTERIAL COUNCIL OF THE OSCE**

Your Excellency,

In my capacity as Chairperson of the Joint Consultative Group (JCG) of the CFE Treaty, I have the honour to inform you about the JCG's activities since the Ninth Meeting of the Ministerial Council of the OSCE, which took place in Bucharest, December 2001.

Throughout this period the JCG focused on issues related to moving forward on the issue of entry into force of the Agreement on Adaptation that would open the way for accession of new States to the Adapted CFE Treaty. The States Parties discussed, *inter alia*, implementation of commitments reflected in the CFE Final Act which was agreed at the Istanbul Summit.

With regard to the current status of ratification of the Agreement on Adaptation of the CFE Treaty as of November 2002 only the Republic of Belarus ratified and deposited its instrument of ratification and Ukraine ratified the Agreement on Adaptation.

The JCG and its working groups and sub-groups dealt with existing problems of implementation and Treaty operation. This was done in a co-operative and constructive manner. On the agenda remains the concern about presence of Treaty-limited equipment unaccounted for and uncontrolled within the Treaty area of application, that adversely affects the operation of the Treaty. Questions relating to access to declared sites and units subordinate to Objects of Verification are also being examined.

In accordance with the Conclusions of the Second CFE Review Conference, the JCG continued to discuss technical issues, which must be resolved in order to ensure the efficient operation of the adapted CFE Treaty, after the Agreement on Adaptation enters into force. It has successfully completed negotiations on the adoption of new Formats for Inspection and Observation Visit Reports. Work has progressed on updating the Protocol on Existing Types. The issue of the distribution of costs for additional inspections and observation visits which are conducted at the expense of the inspecting/observing party has remained on the agenda.

Your Excellency, you might deem it useful to reflect these developments in the appropriate documents of the Ministerial Council.

**LETTER FROM THE CHAIRPERSON OF THE  
OPEN SKIES CONSULTATIVE COMMISSION TO THE  
MINISTER FOR FOREIGN AFFAIRS OF PORTUGAL,  
CHAIRPERSON OF THE TENTH MEETING OF THE  
MINISTERIAL COUNCIL OF THE OSCE**

Your Excellency,

In my capacity as Chairperson of the Open Skies Consultative Commission (OSCC), I have the honour to inform you of the activities of the OSCC since the Ninth Meeting of the Ministerial Council, which took place in Bucharest in December 2001.

The Treaty on Open Skies entered into force on 1 January 2002, which began the first year of implementation of the Treaty.

During the initial certification period 16 States Parties successfully certified their observation aircraft and sensor configurations according to the provisions of the Treaty, while a number of other States Parties have indicated their intention to certify them in the future. The successful certifications provided the necessary precondition for observation flights to begin in August. Since then 12 States Parties have conducted a total of 24 observation flights. The experience gained in the period of provisional application of the Treaty has contributed greatly to co-operative and successful implementation.

During the reporting period the OSCC and its informal working groups focused on the resolution of questions necessary for the effective implementation of the Treaty. The OSCC adopted a number of decisions to prepare the certification process, and ensure the smooth conduct of observation missions. The OSCC also took steps to facilitate the accession of further States to the Treaty.

The beginning of implementation has provided further evidence that the Treaty constitutes a unique tool for transparency. Its entry into force makes an additional contribution to the security and stability of the States Parties, and usefully supplements existing confidence- and security-building measures. The importance of the Treaty was duly recognized by the fact that a number of States have requested to accede to the Treaty since its entry into force. The applications of Bosnia-Herzegovina, Croatia, Finland, Latvia, Lithuania and Sweden have already been approved by the OSCC. The application of Cyprus remains on the agenda of the OSCC. Having deposited its instrument of ratification, Sweden has already become a State Party to the Treaty.

The OSCC chairmanship reminds all OSCE participating States that they benefit from an observer status in the OSCC and may apply for accession. The Chairmanship encourages all participating States which are not yet States Parties to the Treaty to consider the possibility of contributing to its praise-worthy objectives.

Your Excellency, you might deem it useful to reflect these developments in the appropriate documents of the Ministerial Council.

**ANNUAL REPORT ON  
THE IMPLEMENTATION OF THE AGREEMENT ON  
CONFIDENCE- AND SECURITY-BUILDING MEASURES  
IN BOSNIA AND HERZEGOVINA (ARTICLE II, ANNEX 1-B) AND  
THE AGREEMENT ON SUB-REGIONAL ARMS CONTROL  
(ARTICLE IV, ANNEX 1-B, DAYTON PEACE ACCORDS)**

**Introductory Remarks**

I am very pleased to report the continued successful implementation of the Agreement on Confidence- and Security-Building Measures in Bosnia and Herzegovina (Article II) and the Agreement on Sub-Regional Arms Control (Article IV).

This report is divided into two sections: Implementation and Future activities.

**Section I: Implementation**

**Agreement on Confidence- and Security-Building Measures in Bosnia and Herzegovina (Article II)**

1. Inspections/Visits to Weapons Manufacturing Facilities. Nine (9) inspections were conducted this year; four (4) were led the OSCE. Eighteen (18) OSCE countries contributed by either leading inspection teams or providing experts. Four (4) visits to Weapons Manufacturing Facilities took place. On the whole, the inspection regime is implemented regularly and professionally.
2. Annual Exchange of Information. Annual Information Exchanges continue to show marked improvement.
3. Voluntary Measures. The Parties were actively engaged in voluntary programmes. Listed below are some of the more important activities this past year:
  - (a) *Code of Conduct*. Finland and Sweden provided experts who conducted four Code of Conduct seminars for junior and mid-level officers from the two Entities. One can note a substantial increase in the active participation of the attendees and the level of interest. Similar seminars are programmed for next year.
  - (b) *Aerial Observation Exercises*. One exercise occurred this year, supported by the Czech Republic. I anticipate that in the future the Parties will try to conduct these exercises using their own internal resources.
  - (c) *Working Group on Common Manuals*. This Working Group has made tremendous progress and plans are well under way for the long-planned Command Post and Field Training Exercise along the Inter-Entity Boundary Line. The goal is to develop procedures allowing the respective Entity armed forces to assist one another in cases of man-made or natural disaster.

- (d) *Seminar on the Economic Aspect of Security*: This Seminar was held in Portoroz, Slovenia and was well attended by a number of key individuals within the government of Bosnia and Herzegovina, as well as the members of the Joint Consultative Commission, and a number of military/civilian experts from the region. I am particularly grateful for the support and contributions of Ambassador Aleskseyev from the Russian Delegation, Ambassador Milinkovic from the Delegation of the Federal Republic of Yugoslavia, and Ambassador Keco-Isakovic from the Delegation of Bosnia and Herzegovina. I am also very grateful to Slovenia for providing the venue for this event and for their invaluable support. Proceedings from this event are available for those who are interested.
- (e) *Seminar for Media and Journalists*: Switzerland once again graciously agreed to host this seminar. The Parties have indicated tremendous enthusiasm for this seminar.

4. Summary. Implementation of the Protocol on Verification and the Exchange of Information and Notifications continues almost flawlessly.

Last year I had to note the political disturbance that occurred which fortunately did not impact the implementation of this agreement. This year I am very pleased to note that no such disturbance occurred. In short, implementation was unimpeded by political disturbance. Implementation of Measure XI, Voluntary Activities, continues at a very aggressive pace. In fact, the level of activity for next year remains the same. The Parties remain very interested in the Code of Conduct seminars, in the Disaster Relief exercise and in further seminars on the Economic Aspect of Security.

One issue must be addressed though. Recent reports from SFOR indicate that a Weapons Manufacturing Facility (Orao) in Republika Srpska may have violated United Nations sanctions concerning the sale of equipment to Iraq. I will reserve comments until the investigation is complete. However, I have sent a letter to the Republika Srpska member of the Joint Consultative Commission asking him to verify that activities occurring within this factory are not in violation Measure XII (Principles Governing Non-Proliferation). That measure specifically states:

*The Parties shall contribute to efforts to prevent the proliferation of nuclear weapons, the acquisition, development, production, stockpiling and use of chemical and biological weapons and to control the transfer of missiles capable of delivering weapons of mass destruction and their components and technology.*

**Agreement on Sub-Regional Arms Control (Article IV)**

1. Inspections. Inspections are conducted as scheduled (except as noted below.) It is important to note that the Parties conducted an “undeclared” site inspection this year. I view this is a perfect example of the level of confidence and security currently in existence between the Parties. I encourage the Parties to continue to conduct these inspections next year.
2. Annual Exchange of Information. The quality of the Annual Information Exchange continues to improve each year.

3. Summary. On the whole, the Article IV Agreement is implemented fully, with one exception: inspections by Bosnia and Herzegovina.

## **Section II: Future Activities**

### **Agreement on Confidence– and Security-Building Measures in Bosnia and Herzegovina**

Due consideration is being given to the streamlining process of the international organizations in Bosnia and Herzegovina. I will continue to work closely with the other international organizations in Sarajevo to minimize overlap and to ensure that I am in harmony with the collective end-state. Once again I will note that a very close co-operation exists with SFOR and OHR and my office. An even closer co-operation exists between Ambassador Beecroft and myself.

In line with OHR, SFOR and Ambassador Beecroft, I will continue to work towards steadily increasing functional state-level organizations and institutions within Bosnia and Herzegovina. Regarding implementation of the Agreement, my main focus continues to be overseeing the inspection regime although more attention is devoted to voluntary measures. It is through these voluntary measures that true confidence and security is developed. Thus, I will continue to actively encourage the Parties to participate in any activity that promotes confidence and transparency. I will continue to push for greater transparency of the military budgets and promote Code of Conduct seminars.

In addition, I am looking at ways in which I can begin to give more responsibility to the Parties to allow them to eventually take “ownership” of this process. As you will hear momentarily when I discuss the Agreement on Sub-Regional Arms Control, the Parties are increasingly becoming self-sufficient with regard to implementation of this agreement and the role of the Personal Representative is becoming increasingly advisory. I view this as a very positive sign and a very clear indication of the high degree of confidence and transparency that exists. Also, I am consulting with a number of OSCE delegations to discuss ways forward, in particular, how best to and how quickly to proceed with giving the Parties “ownership” of this Agreement. Fortunately, the fourth Review Conference is scheduled for February of 2003 and I anticipate that this particular topic will be discussed in great detail.

Furthermore, after consulting with Ambassador Beecroft, I transferred full operational responsibility for the Committee on Security Studies to the Department for Security Studies (to Dr. Heinz Vetschera); I continue to maintain “policy” responsibility. I consider this part of the streamlining process as well, giving DSC more responsibility for those routine activities that occur primarily within Bosnia and Herzegovina. Clearly this can be viewed as a cost saving measure as well. I will continue to consult with Ambassador Beecroft and Rear Admiral Edelston to determine if in the near future more operational responsibilities can be transferred to Sarajevo (while ensuring that the OSCE the Contact Group in Vienna remains actively engaged in policy and strategic discussions.)

### **Agreement on Sub-Regional Arms Control**

The Parties to the Agreement met on three occasions this year and held the third conference to review the implementation of the Agreement. During this conference key decisions were taken that finally resolved a number of issues concerning exempted

equipment. The Parties should be congratulated on taking these important decisions and closing these “loopholes” that allowed them to have, in effect, large numbers of equipment above the ceilings that was not subject to inspection. The members of the Sub-Regional Consultative Commission have been able to resolve issues within the Agreement on Sub-Regional Arms Control that remain unresolved in a similar conventional arms control regime. Two areas of exempted equipment remain unresolved: armaments in internal security forces and armament held for research and development. I anticipate resolving these two issues this next year.

On January the first, 1999, the Parties assumed chairmanship of the Commission, the body with oversight responsibility for the Agreement on Sub-Regional Arms Control. At that point the OSCE, through the Personal Representative, took on a more advisory role, to include “secretariat” responsibilities. Subsequently, at the 21st meeting of the Commission, the Parties decided to hold meetings on their respective territories, thus ending the long-standing tradition of holding meetings in Vienna.

The Parties have shown continued improvement with regard to implementation of the Agreement. Each year the Information Exchanges have improved with respect to presentation and content. This is indeed a remarkable achievement when considering the aggressive restructuring of the armed forces taking place, the number of military installations that have subsequently been closed and the large number of military personnel who have been retired or demobilized. Equally important, during a period of political turbulence two years ago, the Commission continued to meet regularly and implementation was not impeded. The Parties continue to request OSCE “Assistants” on their inspection teams although it is evident that their respective verification agencies have reached a high-level of competence. While there are occasional misunderstandings of routine matters, no ambiguities have been declared and the inspection process can be described as a complete success, with inspections being conducted in a very professional and thorough manner.

With all of this in mind, I am consulting with a number of OSCE delegations to develop a long-term strategy consistent with the over-all strategy within the region, namely, giving the Parties ownership of this process and “streamlining” the role, presence and responsibility of the international community. Ownership, within the confines of the Article IV Agreement, has been achieved. As I previously noted, the role of the OSCE within this regime is purely advisory although as Personal Representative I do retain responsibility for co-ordinating inspections and the participation of OSCE Assistants. However, this is indeed a purely administrative function that could easily be accomplished by the Parties themselves, if the appropriate transfer of authority has been agreed.

Thus, what remains is “streamlining” and by that I mean my position, my staff and my budget. I believe the time has come to consider the possibility of decreasing the size of my office, eliminating and consolidating certain positions, and reviewing the role of the Personal Representative. Anyone who knows me knows that I am not ready to leave Vienna, I like it here very much, however, I truly believe that in the near future the role of my office, with respect to the Article IV Agreement, will be to provide technical support to the inspection process and provide analysis of the annual information exchange.

Once I have concluded my consultations and have reached some conclusion on the way forward, I will update the Council.



## **Conclusion**

The Parties to both Agreements continue to improve implementation and annual information exchanges. While the OSCE continues to provide support to both regimes, support is not an absolute necessity for successful implementation. I look forward to a future when the OSCE's involvement in the implementation of both regimes is decreased and the Parties have assumed more ownership of their respective regimes.

I welcome any future bi-lateral/multi-lateral efforts in the sub-region designed to further the goals of the Dayton Peace Accords in general, and Article II and IV in particular.

In conclusion, I wish to thank the many OSCE countries who consistently support the Dayton Peace Process and encourage that support once again this next year. In particular though, I wish to thank the countries that have seconded officers to my staff this past year, and in previous years. Finally, I wish to thank the Contact Group delegations who continually provide guidance and support.

## **PROGRESS REPORT OF THE SPECIAL CO-ORDINATOR OF THE STABILITY PACT TO THE TENTH MEETING OF THE OSCE MINISTERIAL COUNCIL**

The Stability Pact was placed under the auspices of the Organization for Security and Co-operation in Europe (OSCE) at its inception in Cologne in June 1999 in view of the OSCE's status as the only pan-European security organization and its comprehensive concept of security, encompassing issues such as military security, economic and environmental security, and democratization and human rights.

As provided for in the Cologne Document, the Special Co-ordinator of the Stability Pact, Erhard Busek, thus submits to the OSCE herewith the Progress Report for the year 2002.

### **Achievements in 2002**

After consultation with all the partners involved in the Stability Pact, the Special Co-ordinator took the decision at the beginning of the year to focus on six concrete objectives for 2002, which were then endorsed by the Regional Table in June. The following has been achieved in these areas in the course of the year:

#### **Trade and investment - completing the network of bilateral free trade agreements**

A Memorandum of Understanding on Trade Liberalization and Facilitation was signed in June 2001 by seven countries of South-Eastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia - Moldova associated itself with the process through a statement of intent and has an extended time line). Under article 1 of the Memorandum, the signatory countries undertook to complete a network of bilateral free trade agreements between all countries of the region by 31 December 2002, in accordance with specified provisions. This network of bilateral free trade agreements will provide the basis for a free trade area in South-Eastern Europe (SEE) covering approximately 55 million consumers. Out of the total of 21 free trade agreements, 13 agreements have been concluded and eight are under active negotiation.

#### **Infrastructure (including energy) - timely implementation of agreed infrastructure projects and removal of obstacles to implementation, as well as strengthening regional energy co-operation, particularly in the field of electricity**

The infrastructure projects agreed at the two Stability Pact Regional Conferences have been merged into one comprehensive list. These 46 infrastructure projects include projects in the field of transport, energy, water and environment and cross-border trade facilitation. The number of projects started by June 2002 has doubled compared with December 2001 and amounts to 50 per cent of all projects.

The Infrastructure Steering Group, which oversees the infrastructure development in SEE, is continuously working on identifying barriers to project implementation, as well as

regional strategies for future infrastructure development. Information flow between the Infrastructure Steering Group and the countries of the region is improving.

The European Commission, with the active support and assistance of the Stability Pact, launched the South East Europe Electricity Regulatory Forum (SEEERF) to improve the stability of electricity supply for the countries of the region, which is fundamental for economic development and political stability. In a Memorandum of Understanding signed in Athens in November, the signatory States undertook to open their national electricity markets by 2005. The integrated regional market will be based on the principles of the European Union (EU) Electricity Directive (96/92) and the relevant secondary legislation and will allow the electricity systems and companies of the region to participate fully in the Internal Electricity Market of the European Union.

**Refugee issues - to provide sustainable solutions for at least 100,000 refugees and displaced persons, by increasing the level of return and integration assistance and credits for self-assistance, providing employment opportunities and accelerating the repossession of properties**

With regard to return and sustainable solutions, more than 125,000 persons have found sustainable solutions during the first seven months of 2002. The Refugee Return Initiative (RRI) has successfully established inter-ministerial housing secretariats in Serbia, Federal Republic of Yugoslavia, and in Bosnia and Herzegovina and has secured interaction expertise to support the in-country developments. In addition, EUR 7 million of direct investment from a housing association has been secured for construction of apartments in Sarajevo. Ongoing housing programmes are estimated at EUR 250 million in 2002. The Property Legislation Implementation Programme in Bosnia and Herzegovina has in August reached an implementation rate of 59 per cent. Repossession of property will be enhanced by the establishment of an RRI regional data exchange mechanism on property-related information in the coming months. At the request of the region and several donors, the RRI has launched a Collective Centre Initiative in order to close these centres and find sustainable solutions for the remaining 55,000 inhabitants.

**Small arms and light weapons (SALW) - establishing a regional "Clearinghouse" in Belgrade under the auspices of the United Nations Development Programme (UNDP)**

On 8 May, the South Eastern European Clearinghouse for the Control of Small Arms and Light Weapons was opened in Belgrade under the auspices of the UNDP. The Clearinghouse is now elaborating programmes in several countries aimed at reducing the excess supply of and illicit trafficking in SALW throughout the region. The response of countries throughout the region has been uniformly supportive and donors have also responded to the opportunities afforded by such an excellent capacity-building operation.

### **Organized crime - establishing an executive secretariat of the Stability Pact Initiative against Organized Crime (SPOC) at the Regional Centre for Combating Transborder Crime and Corruption of the Southeast European Cooperative Initiative, in Bucharest, to be operational in the region**

In an attempt to streamline ongoing initiatives to fight organized crime, the Secretariat of SPOC is being established at the Regional Centre for Combating Transborder Crime in Bucharest, to be operational in the region. The Centre is a good example of regional ownership and the Stability Pact hopes to concentrate the majority of its law enforcement activities at the Centre, which found support at the recent London Conference on Organized Crime in South-Eastern Europe. The aim is to combine the efforts of the Centre with those of SPOC in the field of legislative reform and capacity-building. Interpol has established a liaison office at the Centre and negotiations with Europol are ongoing. Having mobilized sufficient donor support, the SPOC Secretariat will be fully operational in early 2003.

### **Subregional co-operation - starting up an informal subregional dialogue and co-operation process between key principals on functional cross-border issues**

A process of promoting subregional co-operation was initiated by an August meeting in Salzburg between United Nations Special Representative Michael Steiner, High Representative Paddy Ashdown, European Union Special Representative Alain Le Roy and Special Co-ordinator Erhard Busek, and followed up by a second discussion in November. This process is embedded in wider consultations initiated by the Council of the European Union (High Representative and Secretary General Solana) and the Commission (Commissioner Patten). The four principals agreed to focus on trade liberalization, the fight against organized crime, refugee return and media development. Practical and pragmatic solutions are now being explored and applied to translate this commitment into reality in close co-operation with the governments concerned, in order to give real ownership of the process to the region.

## **Outlook for 2003**

The Stability Pact will be building on these achievements in the next year. But it is an initiative that does not and cannot know stasis. The situation in South-Eastern Europe as well as in Europe overall is constantly changing, and the Stability Pact has to change with it. In the end, success for South-Eastern Europe will be judged against three related but separate criteria:

- The ability of the participating States to **work together effectively in the region** to solve practical issues of common concern - considering the numerous forums in which representatives of countries that were fighting each other only a few years ago are now sitting together, much has been achieved already;
- The steady elaboration of the region's **perspective towards the EU**, resulting in a truly European integration process - the Stabilization and Association Process created by the EU is clearly the most important tool in this respect;

- The region's capacity for undertaking **international commitments** and implementing commitments entered into within a wide range of international initiatives and organizations.

Its ability to support the region in these directions should also be the criteria by which success of the Stability Pact is judged. But one has to keep in mind that the Stability Pact is not able to deal with every issue at hand, nor should it. It needs to focus and weigh in on those issues where it can actually bring added value.

In this light, core objectives for the coming year and beyond are being established, objectives which will show some continuity but will have to adapt to the changing environment as well. The Stability Pact should deepen its engagement in local democracy and cross-border co-operation, strengthen media standards, foster the building of the regional energy market, actively facilitate implementation of the free trade agreements, solidify an initiative to manage and stabilize population movements and develop an operational arrangement between the Bucharest Centre for Combating Transborder Crime and Europol, based on the conclusions of the London Conference on Organized Crime in South-Eastern Europe.

In addition, the Stability Pact is currently exploring - together with interested parties - ways and possibilities for embarking on an enhanced reconciliation initiative in South-Eastern Europe. In order to add value and bring greater coherence to the wide variety of initiatives in the area of reconciliation, the planned initiative would focus both on the political and on the project level. Areas which could be envisaged are, *inter alia*, education, youth, media, local democracy and cross-border co-operation. With its proven track record in the area of confidence-building, the OSCE is for obvious reasons a key partner in this possible future initiative.

## **Co-operation with the OSCE**

Many Stability Pact initiatives involve, and have in the past involved, working closely with OSCE institutions, above all with the field missions in South-Eastern Europe. This is a partnership based on comparative advantages - the Stability Pact offering its regional approach and issue-specific expertise while the OSCE missions provide country-specific expertise and an invaluable presence on the ground.

Several areas of successful co-operation between the OSCE and the Stability Pact should be highlighted:

- The OSCE is hosting the Stability Pact Task Force against **Trafficking in Human Beings** in Vienna. This is an issue of great concern for the region - and Europe as a whole - and several field missions are working actively in this area and co-operating closely with the Stability Pact Task Force in Vienna.
- Regarding **parliamentary co-operation**, the Stability Pact Parliamentary Troika was established in June 2001, comprising the Parliamentary Assemblies of the OSCE, the Council of Europe and the European Parliament. One of the recommendations of the parliamentary conferences organized by the Troika was the establishment of ad hoc parliamentary committees on the Stability Pact. Unfortunately progress in this respect

has been slow. Such committees would be important to ensure parliamentary participation in the Stability Pact and could one day form the backbone of a regional parliamentary structure. Such a structure could develop into a forum for sharing information and experience and facilitate the collective task of harmonization of legislation with the EU *acquis communautaire*, as a prelude to EU association and/or accession. The OSCE missions play an important role in preparing the parliaments for this important task through training and capacity-building. Closer links in this respect would be useful.

- Several OSCE missions have used the Stability Pact emphasis on **empowering local government** as a starting point for their own efforts to promote the relevant legislation and train local government officials. The aim often has been to deepen and speed up the decentralization process and to obtain the commitment and support of external partners. A Stability Pact Conference on Local Democracy and Cross-Border Co-operation in November in Osijek reaffirmed the commitment of the Stability Pact to this important aspect of democratization and confidence-building.
- All the OSCE missions in South-Eastern Europe have supported **Gender Task Force** projects. With the ongoing institutionalization of the Task Force, the role of OSCE as the main administrator is shifting to the Regional Centre of the Task Force in Zagreb, which co-operates closely with the OSCE Secretariat in Vienna. The Task Force is contributing to the sustainability of regional development in the area of gender equality in South-Eastern Europe.
- The Stability Pact Initiative against **Organized Crime** was elaborated together with OSCE field missions, setting out standards in line with the EU *acquis communautaire*. A possible future role of the OSCE field missions would be to help develop and implement National Action Plans in conjunction with the initiative, and to improve regional co-operation by facilitating the exchange of information and harmonization of legislation. The SPOC Secretariat will be fully operational in early 2003. It now needs to be promoted and used as an instrument by the countries of the region.
- Regarding **small arms and light weapons**, the South Eastern European Clearinghouse for the Control of Small and Light Weapons in Belgrade (SEESAC) is co-operating closely with OSCE missions on the ground. The OSCE Economic Forum in Prague next year will be focusing on the economic aspects of trafficking in small arms and light weapons and we are looking forward to working closely with the OSCE to make the event a success.
- In the field of **media**, the Stability Pact Media Task Force has helped establish working groups in the countries of South-Eastern Europe composed of representatives of media outlets, non-governmental organizations and government. Closer co-operation would be useful with OSCE missions, especially in the areas of determining priorities for legal reform as well as ensuring implementation.