



**Report of the Canadian Parliamentary Delegation
respecting its participation at the Economic Conference of
the OSCE Parliamentary Assembly**

**Canadian Delegation to the Organization for Security and Co-
operation in Europe Parliamentary Assembly (OSCE PA)**

Batumi, Georgia

May 12 – 14, 2012

Report

From 12 to 14 May 2012, five Canadian parliamentarians attended the OSCE Parliamentary Assembly Economic Conference, "Fostering Economic Cooperation and Stability in the OSCE Region," in Batumi, Georgia. The Honourable Senator Consiglio Di Nino led the delegation, which included from the Senate the Honourable Senator Percy Downe and from the House of Commons Mr. Terence Young, M.P., Mr. Bernard Trotter, M.P., and Mr. Massimo Pacetti, M.P. The delegation was accompanied by Maxime Ricard, Delegation Secretary, and Natalie Mychajlyszyn, Advisor.

OVERVIEW OF THE OSCE

Established in 1975 as the "Conference on Security and Co-operation in Europe" (CSCE), the Organization for Security and Co-operation in Europe (OSCE) was given its current name at the Budapest Summit in December 1994. The OSCE participating countries, currently 56 in number, are "all the European states, the United States and Canada."¹ Eleven other states from the Mediterranean area and Asia joined as observers and are known as "Partners for Cooperation." The organization is defined as a primary instrument for early warning, conflict prevention and crisis management. It is also recognized as a regional arrangement under chapter VIII of the *United Nations Charter*, which requires that participating UN Member States "make every effort to achieve pacific settlement of local disputes through such regional arrangements or by such regional agencies before referring them to the Security Council."² However, the OSCE is not an international organization in the strict sense of international law, in that its resolutions are not legally binding on the signatory countries.

The OSCE's 2012 budget is €148,055,400 million (C\$192 million), a decrease of €2.7 million from the 2011 budget. Canada's 2012 contribution is €8 million (C\$10.4 million). Approximately 65% of the OSCE's budget is dedicated to 17 field missions and other field activities in South-Eastern Europe, Eastern Europe, the South Caucasus and Central Asia. The OSCE employs approximately 2831 individuals, the vast majority of whom are assigned to field missions. One quarter of the OSCE employees are seconded by the participating countries.

A. An Inclusive, Global and Cooperative Approach to Security

The OSCE's unique character derives from its composition, which enables the United States and Canada to participate as full members in an organization that addresses European issues. The OSCE favours inclusive dialogue over selective admission. This enables it to keep communication channels open on key security issues between Western democracies and countries with less exemplary democratic records. It also promotes exchanges between the European Union and Central Asian states (Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan and Kyrgyzstan) that are not members of the Council of Europe. Whereas the foremost goal of the Council of Europe is to promote and defend democratic development and human rights, and to hold

¹ *Final Recommendations of the Helsinki Consultations*, para. 54, Helsinki, 3 July 1973,

² *Charter of the United Nations*, c. VIII, art. 52, para. 2,

<http://www.un.org/en/documents/charter/chapter8.shtml>. The Security Council may also use such regional arrangements to implement coercive measures it has adopted.

member governments accountable for their performance in these areas, the OSCE aims to foster the development of an expansive, conflict-free geographic area – from Vancouver to Vladivostok – regardless of the democratic characteristics of the participating states.

The OSCE's resolutions and activities stem from a comprehensive understanding of security that extends beyond the political-military model. In the *Charter for European Security*, adopted at the November 1999 Istanbul Summit, the heads of state and of government of the participating countries agreed to “address the human, economic, political and military dimensions of security as an integral whole.”³ All forms of peaceful cooperation between the participating countries are considered as having the potential to reduce the risks of conflict in the region. The OSCE's cooperative approach is confirmed by the fact that all 56 states have equal status. Decisions are made by consensus rather than majority vote.⁴

B. Operational Capacity

After the end of the Cold War, the OSCE developed its institutions and operational capacities in response to particular and often urgent needs, and not as a long-term strategic plan. The 1990 *Charter of Paris for a New Europe* laid the foundations for the OSCE's institutional framework.

Field activities account for almost 65% of the OSCE budget. The fact that it has no missions in Western Europe or North America is a point frequently raised by the Commonwealth of Independent States to argue that, although it claims to be cooperative and egalitarian, the OSCE applies a double standard in its relations with the participating countries. The OSCE's reply is that its operations stem from commitments made in a consensual manner and at the invitation of the countries themselves. The six OSCE missions in southeast Europe account for half of the organization's budget.

The OSCE is led by a rotating “chairman-in-office” selected to serve a one-year term from among the foreign ministers of the participating countries. As the organization's senior diplomat, the chairman-in-office is supported by the Secretariat and its secretary general who are based in Vienna.

On 1 January 2012, Ireland succeeded Lithuania as the chair of the organization. Mr. Eamon Gilmore, Ireland's Deputy Prime Minister and Minister for Foreign Affairs and Trade, is serving as Chairman-in-Office. Ukraine will succeed Ireland as chair of the organization on 1 January 2013, followed by Switzerland in 2014 and Serbia in 2015.

Italy's Lamberto Zannier has served as OSCE Secretary General since 1 July 2011. He succeeds France's Marc Perrin de Brichambaut who served as OSCE Secretary General from 2005 until 2011.

C. The OSCE Parliamentary Assembly

³*CHARTER FOR EUROPEAN SECURITY*, para. 9, in Istanbul Document 1999, Istanbul Summit 1999.

⁴In extreme cases, the “consensus minus one” rule may be invoked, for instance when a serious violation of the Organization's principles occurs. However, this rule has been used only once, in 1992, against the former Yugoslavia, which was readmitted as Serbia and Montenegro after the elections in the fall of 2000.

The OSCE Parliamentary Assembly (OSCE PA) is the parliamentary dimension of the OSCE. It was created by the OSCE (at that time the CSCE) in 1991 following the call set out by the participating States in the 1990 *Charter of Paris for a New Europe*. Its primary purpose is to facilitate inter-parliamentary dialogue on issues facing the participating states and to issue recommendations for their own governments, parliaments and citizens concerning the OSCE's three spheres of action. Among its objectives are:

- to assess the implementation of OSCE objectives by participating states;
- to discuss subjects addressed during meetings of the OSCE;
- to develop and promote mechanisms for the prevention and resolution of conflicts;
- to support the strengthening and consolidation of democratic institutions in OSCE participating States; and
- to contribute to the development of OSCE institutional structures and of relations between existing OSCE Institutions.

The OSCE Parliamentary Assembly is organised according to three General Committees representing the three “baskets” of the *1975 Helsinki Final Act* and the areas of focus of the OSCE: the First General Committee on Political Affairs and Security, the Second General Committee on Economic Affairs, Science, Technology and Environment, and the Third General Committee on Democracy, Human Rights and Humanitarian Questions. Its work is also carried out by way of ad hoc committees, working groups, and special representatives and envoys. The Parliamentary Assembly also plays a key role in observing elections in the OSCE region and regularly sends parliamentary delegations on field missions.

The Parliamentary Assembly is managed by a Bureau and a Standing Committee. The Bureau comprises a president, nine vice-presidents, a treasurer, the chair, the vice-chair and rapporteur for each of the three General Committees, and the president emeritus. The Bureau is responsible for ensuring that the decisions of the Standing Committee are carried out and takes decisions by majority vote. The Standing Committee of the OSCE Parliamentary Assembly comprises the members of the Bureau and the 56 heads of delegation of the participating states. The Standing Committee guides the work of the Assembly, approves its budget and appoints the Secretary General. It uses the “consensus minus one” rule when voting on decisions, except in the case of the appointment of the Secretary General, which is done by a majority vote.

The OSCE Parliamentary Assembly is administratively supported by the Secretary-General and the Secretariat who are located in Copenhagen. These were established and became operational in January 1993 soon after the creation of the OSCE Parliamentary Assembly.

Today the OSCE Parliamentary Assembly comprises more than 300 parliamentarians who are appointed by their respective parliaments. Observers of the Assembly include parliamentarians from the OSCE's Mediterranean Partners for Co-operation (Algeria,

Egypt, Israel, Jordan, Morocco and Tunisia) and Asian Partners for Cooperation (Japan, Korea, Thailand, Afghanistan and Mongolia), and representatives from other parliamentary assemblies and security organizations, such as NATO.

Since its first Annual Meeting in Budapest in July 1992, members of the OSCE Parliamentary Assembly and representatives of the Partners for Co-operation have convened several times a year to carry out the mandate of the Assembly. The Assembly itself meets in plenary at the Annual Session held in July and hosted by the parliament of a participating State. The Annual Session is the most important event in the OSCE Parliamentary Assembly calendar where the Assembly debates a number of OSCE matters and resolutions, receives reports, adopts the Session's declaration, and elects its officers. At the Fall Meetings in September, also hosted by the parliament of a participating State, the Assembly in plenary holds a conference on a topical issue.

The General Committees meet at the Annual Session to debate and adopt resolutions, and elect Committee officers; they also convene jointly and separately at the Winter Meeting in February in Vienna, where the OSCE's headquarters are located, to discuss and debate issues of importance, receive briefings by senior OSCE officials, and hear presentations by the Rapporteurs on their draft resolutions for the upcoming Annual Session. The Bureau meets at the Annual Session as well as in April and December. The Standing Committee meets at the Annual Session, the Fall Meetings, and at the Winter Meeting.

The OSCE PA also convenes to discuss more specific topics either on the margins of these regular annual meetings or at other times. For instance, the Parliamentary Forum on the Mediterranean is held during the Fall Meetings of the OSCE PA, and the Economic Conference is hosted by the parliament of a participating State every second spring.

The OSCE PA is highly active in election monitoring, having observed over one hundred presidential and parliamentary elections in the OSCE region since 1993. It cooperates with the Parliamentary Assembly of the Council of Europe, the European Parliament, the NATO Parliamentary Assembly and the OSCE's Office for Democratic Institutions and Human Rights in its election observation missions. Canadian parliamentarians have participated in many of the OSCE PA election observation missions, including most recently the 2009 parliamentary election in Moldova, the 2009 presidential election in Kyrgyzstan, the 2010 presidential election in Ukraine, and the 2010 parliamentary election in Azerbaijan.

The Assembly's budget covers most of the organizational expenses related to the Annual Session, Winter Meeting, Fall Meetings, Standing Committee and Bureau Meetings, official visits, the election observation programme, as well as the costs of the International Secretariat. Host parliaments of the Annual Sessions contribute significantly by providing considerable support. The Secretariat's office facilities are provided free of charge by the Danish Folketing.

The PA's budget is approved at the Annual Session; the 2011-2012 budget, approved at the 2011 Annual Session, is €2.86 million, the same amount as in the previous year. For 2011–2012 Canada's budgeted contribution is C\$221,679.

Petros Efthymiou (Greece) has been president of the PA since July 2010, succeeding Joao Soares (Portugal). Spencer Oliver (United States) has served as secretary general since January 1993. Dr. Hedy Fry (Canada) was appointed by the OSCE PA President in October 2010 as the Special Representative on Gender Issues. Bruce Hyer (Canada) has been Vice-Chair of the Second Committee on Economic Affairs, Science, Technology and Environment since the 2011 OSCE PA Annual Session in Belgrade, having been elected for a one-year term.

2012 ECONOMIC CONFERENCE OF THE OSCE PARLIAMENTARY ASSEMBLY⁵

From 12 to 14 May 2012, approximately 100 parliamentarians from 34 of the 56 OSCE participating States, together with parliamentarians from several Mediterranean Partners for Cooperation states, met in Batumi, Georgia for the OSCE Parliamentary Assembly Economic Conference, "Fostering Economic Cooperation and Stability in the OSCE Region." The program comprised an inaugural session, followed by four sessions on specific aspects of the conference theme.

A. INAUGURAL SESSION

The following presentations were made during the inaugural session:

- The President of the OSCE PA, Petros Efthymiou, noted the timeliness of the conference given the economic situation facing many countries in the OSCE region. He emphasized that the conference offered a valuable opportunity for parliamentarians to engage on issues of common concern and underlined the role of parliaments to hold governments to account in balancing short and long term needs. He also noted the role that parliamentarians need to play in educating citizens about economic policies and the reasons behind them.
- David Bakradze, Chairman of the Parliament of Georgia, emphasized the economic dimension of security and promoting stability in the OSCE region. In this respect, he highlighted the distance Georgia has travelled in addressing corruption and organized crime. While economic problems persist, the Georgian government's commitment to economic reforms, such as reducing state regulation and promoting development of small and medium-sized enterprises, is fostering Georgia's economic growth and potential. He also invited the OSCE PA to observe Georgia's parliamentary elections in October.
- Goran Svilanovic, OSCE Coordinator of Economic and Environmental Activities, highlighted the focus of the OSCE's Irish Chairmanship on good governance as an essential element in promoting economic development and prosperity, and the link with security. He shared with parliamentarians recent activities undertaken with governments and businesses to exchange best practices and invited greater cooperation with the OSCE PA in future initiatives.
- Mikheil Saakashvili, President of Georgia, emphasized Batumi's symbolism of Georgia's tremendous economic growth and potential. He noted in particular the positive impact that the generational change in the civil service and among politicians is

⁵ Some of the remarks and reports presented at the conference are available from the OSCE PA website at: <http://www.oscepa.org/meetings/conferences-a-seminars/2012-batumi>.

having on changing Georgia's mentality and culture to embrace the reforms necessary to sustain Georgia's political, economic and social development.

Activities of the Canadian Delegation:

The inaugural session was attended by all members of the Delegation.

B. SESSION I: THE ROLE OF GOOD GOVERNANCE IN STIMULATING ECONOMIC DEVELOPMENT AND STRENGTHENING REGIONAL COOPERATION

The following presentations were made during this session:

- Ambassador Eustathios Lozos, Chairman of the OSCE Economic and Environmental Committee and Greece's Permanent Representative to the OSCE, spoke about the challenges for many states in the OSCE region of balancing austerity with economic growth, and the potential impact on international and regional organizations, such as the OSCE. In this respect, he noted the importance of the OSCE to undertake reforms in order to continue its mandate under changing financial conditions. He also emphasized the importance of transparency and strengthening good governance as vital conditions for creating a favourable investment climate and, thereby, fostering economic development.
- Ambassador Philip Dimitrov, Head of the European Union Delegation to Georgia, summarized the key points of cooperation between the European Union and Georgia on economic development, energy security, trade and investment. He also provided an update of the progress on negotiations on a Deep and Comprehensive Free Trade Area between the European Union and Georgia.
- George Kadagidze, President of the National Bank of Georgia, gave an overview of Georgia's economic developments since its independence from the Soviet Union, from economic devastation to average GDP growth rates of 6.7% from 2003-2011. He noted that Georgia has been able to overcome many challenges, such as the loss of a major trade partner following the Russian embargo imposed in 2008 in the aftermath of the crisis in South Ossetia, a breakaway region of Georgia supported by Russia, and the global economic crisis. He emphasized the positive role the energy sector plays in Georgia's economy, particularly in terms of serving a transit route for oil and gas moving from the Caspian Sea to European markets.
- Andrei Illarionov, Senior Fellow, Cato Institute, summarized the elements of the economic crisis in Europe, noting in particular that as a region its GDP per capita has collapsed to levels not seen since 1961 level. He also provided analysis of the positive correlation between the pace of economic development and political freedom and the exception in this trend of data from the last decade.

Activities of the Canadian Delegation:

Senator Consiglio Di Nino highlighted the negative effect that a culture of dishonesty and corruption among entrepreneurs, investment bankers, and others in the financial sector in developed countries have had on not only on domestic economies but globally. He called on parliamentarians to strengthen their resolve and capacity to resist pressures from sectors that benefit from continued corruption.

Senator Percy Downe spoke about tax evasion as a negative consequence of weak governance, transparency and rule of law, with its impact particularly acute in times of austerity and budgetary restraint. He also offered solutions to overcome tax evasion, including setting taxes at reasonable levels so as to not encourage tax avoidance, cultivating a culture of tax payment, granting tax amnesties, engaging financial institutions, improving transparency and enforcing compliance with international requirements, and enhancing international collaboration among others.

C. SESSION II: PEACE AND CONFIDENCE BUILDING THROUGH ECONOMIC AND ENVIRONMENTAL COOPERATION

- Sergei Kapanadze, First Deputy Minister of Foreign Affairs of Georgia, provided an update of the Geneva Talks between Russia and Georgia. He noted that Georgia's Action Plan is only one part of the equation for settling the conflict and identified areas where the OSCE can play a role, including re-establishing a field presence on the ground after Russia's 2008 veto of the extension of the mission's mandate. He also highlighted the need to encourage more investment and economic activities rehabilitation projects in the conflict areas in order to foster economic cooperation and reconciliation.

- Goran Svilanovic, OSCE Coordinator of Economic and Environmental Activities, spoke about the economic dimension of migration, particularly in terms of labour needs by receiving countries being met by those in countries with high unemployment searching for employment opportunities. He noted the need for greater coordination and standardisation of data collection on labour migration and the potential role that the OSCE could play in this respect.

- Kathleen Ferrier, OSCE PA Special Representative on Migration, emphasized the importance of effective migration management as a tool for confidence-building. In particular, gender sensitive migration policies need to be encouraged and exchange of information and best practices on human rights protection of migrant workers needs to improve. In this respect, all branches of government, the executive, the legislature, and the judiciary have a responsibility they need to fulfill.

Activities of the Canadian Delegation:

- **Bernard Trottier, M.P.** spoke about the challenges to Canada's continued economic growth and prosperity arising from an aging population and shortages of workers. He noted that one recent policy by which these challenges are being addressed has been the expansion of temporary foreign workers and associated programs. He called on parliamentarians to use fora such as the OSCE PA to exchange best practices about these programs, from the point of view of legislation, government policy and even from the point of view of the migrants, in order to ensure that these programs succeed in their intention to contribute to economic growth

D. SESSION III: ENERGY SECURITY AND EFFICIENCY: REGIONAL CHALLENGES AND PROSPECTS

- Giorgi Baramidze, Vice Prime Minister of Georgia and State Minister for European and Euro-Atlantic Integration, provided an overview of current priorities in Georgia's foreign policy, including accession to NATO, resolving the conflict with Russia, returning

internally displaced people to their home regions in Georgia. He noted that pursuit of these priorities is being supported by Georgia's commitment to defence reform, the provision of a secure source of energy to European markets, and negotiations toward an Association Agreement and a Deep and Comprehensive Free Trade Agreement with the European Union.

- Alexander Khetaguri, Minister of Energy and Natural Resources of Georgia, summarized the importance of energy security as a regional issue. He admitted that decisions on energy policy need to be made carefully by all states concerned because of their consequences for the energy market. He highlighted the importance of energy diversification, particularly given potential vulnerabilities to sabotage and accidents. He noted Georgia's priorities regarding the development of green energy despite its role as a vital transit hub for energy from the Caspian Sea to markets in Europe.

- Murat Karagoz, Istanbul Fatih University, provided an overview of green energy infrastructure needs and the importance of pursuing alternative sources given that reserves and sources of traditional sources such as natural gas and electricity are either in decline or politically compromised because of impact on greenhouse. At the same time, given the uneven distribution of natural resources, the search for green and renewable energy is an important consideration in energy security discussions.

Activities of the Canadian Delegation:

Terence Young, M.P. noted Canada's position as a leading producer and supplier of energy given its rich endowment of hydrocarbons, renewable energy sources such as hydro, tidal, geothermal, and uranium. He highlighted the role that Canada's energy sector plays in its economic prosperity and development and the priority it places on its responsibility to ensure the availability of energy resources to markets in the region and abroad, while maintaining the highest possible standards for protecting the environment. He stressed the importance that the development of the oil sands play in sustaining Canada's energy platform, how oil sands sites are rehabilitated responsibly, and the need for all countries to consider human rights the country of origin when pursuing energy security.

E. SESSION IV: DEVELOPING SMALL AND MEDIUM-SIZED ENTERPRISES

- Vera Kobalia, Minister of Economy and Sustainable Development, emphasised the importance of infrastructure development, particularly roads, railways, airports, cargo terminals, marine ports, and border control to support the development of small and medium-sized enterprises. She also provided an overview of Georgian initiatives to develop small and medium-sized enterprises, including promoting investments from Turkey, Azerbaijan and the European Union. Of note is the fifteen years she spent in Vancouver and her post-secondary education in British Columbia before returning to Georgia four years ago and taking up a position in President Saakashvili's government.

- David Lee, President of the American Chamber of Commerce in Georgia, discussed initiatives that facilitate business growth, including various business associations. He emphasised initiatives governments can take to support small and medium-sized businesses, including simplified tax structures, strong and enforced property rights.

- Stephen Haykin, Mission Director USAID Georgia, discussed the links between the growth of small and medium sized enterprises, economic growth, and security and stability. He stressed factors that constrain business growth, such as lack of transparency, weak trade ties, and weak rule of law. These can be overcome as part of comprehensive efforts to strengthen democratic institutions and stability in general.

Activities of the Canadian Delegation:

Massimo Pacetti, M.P. highlighted the significance of small and medium sized businesses to Canada's economy and the role that the government plays in supporting their activities. He emphasized the role that parliamentarians can play in helping these businesses overcome challenges such as finding and maintaining qualified labour, specifically finding employees who specialize in more than one task, having the ability to pay market rates for these specialized employees, and limited access to credit and financing. He recalled the 2011 Annual Report by the Special Representative on Gender Issues, Hedy Fry, M.P. (Canada), in urging parliamentarians to ensure that policies on SMEs encourage the participation of youth and women in order to increase their economic independence.

ADDITIONAL ACTIVITIES OF THE CANADIAN DELEGATION

The five-member Canadian delegation met with the six parliamentarians comprising the delegation from Ukraine. The delegations discussed a range of topics, including Quebec's status in Canada and the prospects for another referendum on separation, the level of support for Quebec independence, upcoming parliamentary elections in Ukraine, the role of international observers, and the health status of Yulia Tymoshenko. Both sides expressed the value of the dialogue in strengthening mutual understanding and inter-parliamentary ties. The Ukrainian delegation invited Canadian parliamentarians to observe the October 2012 parliamentary elections and requested that the two delegations meet again at the Annual Session in Monaco.

Respectfully submitted,

Hon. Consiglio Di Nino, Senator
Canadian Delegation
to the Organization for Security
and Co-operation in Europe
Parliamentary Assembly
(OSCE PA)

Travel Costs

ASSOCIATION	Canadian Delegation to the Organization for Security and Co-operation in Europe Parliamentary Assembly (OSCE PA)
ACTIVITY	Economic Conference of the OSCE Parliamentary Assembly
DESTINATION	Batumi, Georgia
DATES	May 12 – 14, 2012
DELEGATION	
SENATE	Senator Consiglio Di Nino, Senator Percy Downe
HOUSE OF COMMONS	M.P., Mr. Massimo Pacetti, M.P., Mr. Bernard Trottier, M.P., Mr. Terence Young,
STAFF	Ms Natalie Mychajlyszyn, Advisor, Mr. Maxime Ricard, Delegation Secretary
TRANSPORTATION	\$40,687.66
ACCOMMODATION	\$4,041.55
HOSPITALITY	\$323.77
PER DIEMS	\$1,524.30
OFFICIAL GIFTS	\$0.00
MISCELLANEOUS / REGISTRATION FEES	\$0.00
TOTAL	\$46,577.28