



**Report of the Canadian Parliamentary Delegation  
to the Fifth Economic Conference of the OSCE Parliamentary  
Assembly**

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

**Andorra la Vella, Andorra  
May 24 - 26, 2007**

# Report

Senator Consiglio Di Nino, Head of the Canadian Delegation to the Organisation for Security and Co-operation in Europe (OSCE), participated in the Fifth Economic Conference of the OSCE Parliamentary Assembly held in Andorra la Vella, Andorra, May 24-26, 2007.

At the invitation of the Counsell General (Parliament) of Andorra, around one hundred parliamentarians from over 30 OSCE countries participated in the conference, which was inaugurated by the President of the Andorran Parliament, Joan Gabriel I Estany, and OSCE PA President Goran Lenmarker. The Prime Minister of Andorra, Albert Pintat, also addressed the participants.

The three-day conference examined topics related to the central theme and discussed in five different sessions issues on International Trade and Security; International Trade in a Globalized World; Borders and International Trade; Labour and Social Aspects of International Trade; and International Trade and the Environment.

All the speakers stressed the importance of trade. A “prime motor in creating wealth,” said President Lenmarker but also added that “when there is trade, there is usually peace.” And he pointed to the importance of keeping and strengthening the international trading system. “We parliamentarians must stand up for that,” he said.

## Opening Session

President Lenmarker welcomed participants to the conference on Strengthening Stability and Co-operation through International Trade and offered his thanks on behalf of the OSCE PA to the Andorran hosts for their hospitality in inviting the Assembly to Andorra, a great country in a small territory. He noted that this was the Assembly’s fifth sub-regional conference and that it reflects the increased contribution to economic and environmental matters. Mr. Lenmarker finished by offering some general thoughts on the issue of international trade and the need to support a market economy in compliance with sustainable development.

Mr. Estany, President of the Andorran Parliament, welcomed all participants to the conference and hoped that their journey had been good; he noted that they are currently trying to make access to Andorra easier. Mr. Estany provided some information on the history of Andorra and expressed the hope that participants would have the opportunity to visit some of the landmarks. He stated that trade has transformed the Andorran economy and society, which makes it a very appropriate location for this conference.

Mr. Josep Dalleres, Head of the Andorran Delegation to the OSCE PA, welcomed participants to Andorra and offered some opening remarks on the role of parliaments and parliamentarians in looking at the issue of international trade. In particular, he highlighted the importance of exploring the role of small and medium-sized enterprises, especially in relation to multinational companies. He finished by providing a brief overview of the five sessions that would take place in the following two days of the conference.

## **Session 1**

### **International Trade and Security**

The first session was chaired and moderated by Leonid Ivanchenko, Chairman of the General Committee on Economic Affairs, Science, Technology and the Environment of the OSCE Parliamentary Assembly. In welcoming the participants, Mr. Ivanchenko spoke about international trade and discussed the role of the World Trade Organization. He encouraged participants to be objective in discussing the topic and to give their recommendations.

Mr. Pons, Adviser of the International Chamber of Commerce of Spain, addressed the participants on the issue of "Trade restrictions for security reasons," noting that the idea of economic co-operation was included in the UN Charter. He pointed out that sometimes it is necessary to implement trade restrictions. In his speech, Mr. Pons referred to the General Agreement on Tariffs and Trade and the General Agreement on Trade in Services. He introduced some examples of different cases tried under the World Trade Organization (WTO) dispute settlement system concerning bilateral disputes. Mr. Pons pointed out several problems that still exist: the interpretation of terms which are used in WTO treaties; the verification and control system that has to be adopted by the states; huge differences between tried cases making it virtually impossible to form any models; and the need for closer cooperation between the WTO and its member states.

Mr. Estivallet De Mesquita, Deputy Chief of Mission, Brazilian Embassy to the WTO, spoke about the role and the main challenges faced by the WTO. He began his presentation by highlighting the fact that the WTO is not only about free trade, but is also about regulating trade, because one of the main objections behind its creation was to avoid the repetition of the experience of the inter-war years. The multinational trading system is also about international co-operation, he said.

He outlined the role of the organization as seeking the substantial reduction of barriers to trade, the elimination of discrimination, and ensuring mutual benefit for all participants. Mr. Estivallet De Mesquita noted that there are three main challenges: dealing with the conflict between regulatory autonomy and free trade; promoting trade in services; and integration of developing countries into the GATS in order to achieve mutual benefit and avoid discrimination. Mr. Estivallet De Mesquita mentioned the relationship between security and the WTO, which tries to establish order in an area which is absolutely key to the international community.

In dealing with the question of trade, Mr. Mateu I Hosta, Director of Intermon Oxfam, Catalonia, Andorra, expressed his regret that few NGOs take the problem of trade and security seriously. He pointed out three lessons that we have learned over the last 50 years: we must do something about hunger, poverty and violence; flexibility and adaptation are essential because there is no single prescription in dealing with global problems; and we need to focus on human rights. Mr. Mateu I Hosta reminded the participants that there are people behind all actions and decisions that are taken by politicians. He noted that many NGOs believe that the WTO should be abolished. However, he considered the solution to lie in changing the organization, so that at least it can successfully tackle the issue of agriculture.

In the ensuing debate, participants discussed security issues concerning international trade. Several speakers also noted that trade and trade restrictions should not be used to achieve political goals. Some of the participants pointed out the important role of the Doha agenda.

Participants also discussed the prospects of trade negotiations at the WTO and the possibility of reforming the organization to address security issues, as trade is often used as a political tool. One participant pointed out that discussion of global issues should be combined with discussion of more specific questions. We should ensure that we take a long term perspective but act without any further delay. It was also noted that the discussion of this topic should continue during the next OSCE Parliamentary Assembly Annual Session to be held in Kyiv, July 2007.

## **Session 2**

### **International Trade in a Globalized World**

The second session entitled “International Trade in a Globalized World” was chaired by Christian Miesch, Head of the Delegation of Switzerland to the OSCE Parliamentary Assembly. He thanked the Andorrans for their hospitality and introduced the speakers.

Mr. Jaume Salvat Font, President of the Andorran Telecommunications Service, offered his thanks for being invited to share his thoughts on telecommunications. He stressed the increasing importance of Information and Communications Technology (ICTs), as a measure of development and in building human capacity. He also emphasized the importance of ICTs and the internet in changing and developing the nature of international trade. Mr. Salvat Font provided an overview of the current trends in telecommunications, such as the need for further broadband networks, the higher demands of users and the need for better security, and he explored some of the different options for meeting those demands. He noted an increasing application of ICTs to improve export competitiveness, which in turn creates the possibility that some countries will lose market share to others making better use of ICTs. Finally, Mr. Salvat Font offered some thoughts on the digital divide, which he asserted is a reflection of deeper social and economic inequalities and an issue in which the public administration must play an active role.

Mr. Francesc Pallas Vildomat, President of the Andorran Chamber of Commerce, stated that trade is a magnificent assurance of peace, and highlighted that Andorra has been at peace for 700 years, which has served as excellent grounds for its economic growth and has benefited both itself and its neighbours. He emphasized the important role of small businesses, and noted that from small beginnings, through the use of things such as microcredit, businesses can expand considerably. Mr. Pallas Viladomat stated that it is essential for a country's growth and success to ensure that there exists a diversity of small and medium-sized enterprises. The International Chamber of Commerce has an important role to play in helping to promote commerce and prevent conflict. He noted that the WTO dispute mechanisms are important in ensuring that there are opportunities for both small and large countries. Mr. Pallas Viladomat finished by praising the OSCE's economic and environmental dimension and reminding participants of the maxim that peace is good for trade and trade is good for peace.

In the following debate Members addressed the need for more international trade and open markets and emphasized the mutually reinforcing nature of peace and trade. Participants also highlighted the danger of regions becoming marginalized by pursuing protectionist policies. The need for trade to be free and fair was highlighted and some examples were given of some areas in which there could be improvement. It was noted that it is mostly developing countries that feel the side-effects of globalization and that the Doha round is hampered by a lack of leadership and a need for some countries to make painful concessions. The issue of data security was addressed, focusing on some of the specific problems faced by Andorra. Finally, issues related to the Andorran economy were discussed.

### **Session 3**

#### **Borders and International Trade**

The Chair of the third Session, dealing with Borders and International Trade, Conxita Marsol, Member of the Andorran Delegation to the OSCE Parliamentary Assembly, expressed her appreciation for everybody's thanks and compliments on the organization of the conference. She noted that Andorra is a country based on small businesses that has been spared the trouble of international conflict; however, it is currently undergoing major changes as its economic model is showing some weaknesses. She then introduced the speakers for the session.

Mr. Marc Kugler, Vice-President, European Sales, EDF French Energy Group, provided the conference with an overview of some of the current issues within the energy sector on the European continent. He provided participants with an assessment of the good progress in the liberalization of energy markets. He noted that there is a need to reconcile demand and supply, especially as many of the current sites of energy production are getting older. Mr. Kugler stressed the role of renewable and nuclear energy, as well as increased efficiency, and he also commented on the need to reduce energy demand as a way of reducing greenhouse gases. It is, he stated, important to take an awareness-raising approach as the issue of reducing CO<sub>2</sub> emission is no longer solely the concern of the producing companies.

Mr. Eugeni Bregolat, Spanish Ambassador to Andorra, former Ambassador to China, addressed the conference on the development of the Chinese economy and its impact on Europe. China has achieved in a generation what has taken others a century, with continual years of ten percent growth, and is now extremely strong in engineering. China has increased its spending on research and is acquiring new technologies at a very fast pace, he said. Mr. Bregolat emphasized the size of the challenge faced by Europe, which must, rather than being tempted by protectionism; prioritize research and development and education.

China, said Bregolat, is the biggest example of globalization in the world today. It's the number two global exporter, and it will soon overcome Germany, presently number one. 500 million Chinese have been lifted out of poverty.

It has over 500,000 students abroad, of whom 25 per cent now return to China after completed studies. By 2020, one hundred million Chinese will spend their vacations abroad while an equal amount of foreigner will visit China.

After missing out on the industrial revolution, it now has an obsession with high technology, he noted. Turning more and more of its attention to the outside world, China, Bregolat underlined, is no longer isolated and the increase of individual freedoms is now unstoppable, because of the internet, mobile phones and tourism.

The economic changes have led to a weakening of state control and although China does not want to be a liberal democracy, a major debate about evolution within the system is taking place and will lead to a democracy with a Chinese flavour, he said.

As China opens up, there will be opportunities for Europe to take advantage of this enormous market. Mr. Bregolat then explored the huge impact that economic change was having on Chinese society and culture. He noted the growth of a middle class and the number of students in what is now a much freer and open society. Mr. Bregolat finished by stating that China is interested in a peaceful world that would enhance its economy.

The ensuing debate looked at the importance of planned pipeline projects in the OSCE region. It also addressed the issue of the possibilities of power failures within Europe, which is something that is minimized within the current network. Several participants offered their thoughts on the human rights situation in China and the role of China. In relation to the Chinese economy, the need for a more suitable distribution of the wealth was addressed. The topic of democracy in China was examined along with the possibility of regression in this field.

#### **Session 4**

##### **Labour and Social Aspects of International Trade**

Opening the discussion, the Vice-Chairman of the General Committee on Economic Affairs, Science and Technology of the OSCE Parliamentary Assembly, Petros Efthymiou, highlighted the issue of the liberalization of the market and international trade. Mr. Efthymiou encouraged participants to focus on the problem of the balance of trade and protectionism and discuss the labour and social rights that are excluded from the WTO. He pointed out the importance of having the political will to speak clearly.

Mr. Bernard Snoy, Co-ordinator of OSCE Economic and Environmental Activities, thanked the participants for the opportunity to address the Conference, and briefed them about the prospects for OSCE Economic and Environmental Activities following the 2007 Economic and Environmental Forum (EEF), of which the second and final session took place in Prague on May 21-23, 2007. Mr. Snoy informed participants that the 15<sup>th</sup> Forum was dedicated, under the Chairmanship of Spain, to "Key challenges to ensure security and sustainable development in the OSCE area: land degradation, soil contamination, and water management." He mentioned substantive discussions that took place in Prague and specific outcomes and follow-up activities that were considered. Mr. Snoy pointed out that the Economic and Environmental Dimension is currently by far the smallest of the three OSCE dimensions. It absorbs less than two percent of the combined budgets of the OSCE Secretariat and the OSCE field presences.

Ms. Susan Bissell, Investigation Center Innocenti, UNICEF, introduced the issue of the rights of children against the backdrop of international trade. She pointed out that the

efforts of UNICEF Innocenti Research Centre, and of UNICEF more broadly, in the context of trade, globalization, poverty and protection, have focused on the betterment of the lives of children in a range of exploitative situations and on the strengthening of both systems and partnerships. She related the practical experience of UNICEF in working on international trade to protect children. Ms. Bissell introduced two illustrative cases. The first one concerned the elimination of child labour in the garment sector in Bangladesh, and the second considered IKEA and its efforts in India. In conclusion, she noted that UNICEF stands prepared to work together with the OSCE Parliamentary Assembly in its laudable effort to protect children and prevent them facing the negative effects of poverty and exploitation.

During the following debate, participants discussed the scope of the problems of child labour, sharing experiences from their own countries. Several speakers pointed out the necessity of eliminating child labour in the OSCE region. Participants also discussed the difficulties involved in these efforts, and it was noted that education can help in the elimination of child labour. One of the participants stressed the importance of establishing a working group on a global warning system and eliminating the consequences of natural disasters.

## **Session 5:**

### **International Trade and the Environment**

Senator Consiglio Di Nino, Head of the Canadian Delegation to the OSCE Parliamentary Assembly, welcomed all participants and keynote speakers to the session on "International Trade and Environment." He thanked the Andorrans for their hospitality and expressed his hope that discussion of this topic would lead to a better understanding of the current problems.

Mr. Enrique Baron Crespo, Member of the European Parliament, Former President of the Committee on International Trade, thanked the Assembly for the invitation and gave general consideration to the issues of trade, stability and co-operation. He began his presentation with some historical examples concerning trade in the 20th century. He reminded the participants of the changes that had taken place since the Second World War, and that trade issues are no longer the monopoly of developed countries. Mr. Baron Crespo highlighted that trade is life itself and that is not only about goods but also exists in intellectual property, services and culture. Talking about collective preferences, he listed three issues to be considered globally: food safety, environmental protection and cultural diversity. Mr. Baron Crespo also underlined the important relationship between trade and labour rights, and trade and the environment.

Olivier de Laroussilhe, Head of Unit for Sustainable Development and Sanitary and Phytosanitary Standards (SPS), European Commission, DG Trade, addressed the participants about the role of the European Commission in trade and the environment. He outlined the EU's approach on climate change and emphasized the sense of urgency concerning this topic. He listed the contributions of the EU trade policy to the environment, mentioning issues such as the liberalization of environmental goods and services, the development of renewable energy and the fostering of trade co-operation to improve energy efficiency. Mr. Laroussilhe highlighted that any measures taken must remain within WTO rules. Concerning the implementation of the Doha Declaration on

trade and the environment, he mentioned three points to be addressed: opening up trade on environmental goods and services, ensuring an equal relationship between WTO rules and Multilateral Environmental Agreements (MEAs), and observership status for such MEAs in the WTO. One of the topics addressed was renewable energies and biofuels and the problems of their certification. Mr. Laroussilhe noted that trade can help the environment but reminded the participants that it is only part of the solution.

Mr. Joachim Bitterlich, former German Ambassador, Executive Vice-President International, Veolia Environment Paris, addressed the participants on the issue of “The environment as an object of trade. The role of multinationals,” noting the near absence of environmental protection in the debate related to the Doha round. He said the EU can be proud of its position as a world leader in the environmental field. During the March 2007 European Summit, the EU committed itself to ambitious but feasible objectives. Mr. Bitterlich highlighted the need for the EU to intensify its efforts to achieve a common external energy policy in order to ensure and diversify its supply, reduce its dependency on external partners and promote international co-operation in this regard. The EU should develop a co-operation policy with its neighbours, its Mediterranean partners, Russia, Eastern European, Central Asian countries and with the Middle-East.

Mr. Bitterlich stressed that investments in environmental policy also constitute incentives for economic growth, which help in the creation of jobs for the next decade. This analysis is also relevant for developing countries, he pointed out. Mr. Bitterlich also said that the EU needs to review its development policies with a renewed focus on Africa.

During the discussions that followed, participants shared their views on the topics raised by the speakers. They noted that the use of alternative energy and biofuels should increase. Several participants highlighted the problem of big transnational corporations developing hazardous industries in developing countries. In this connection they noted that there is a need to expand the liability zone outside the EU for big industrial companies. Participants also emphasized the importance of unified political will concerning decisions taken in the sphere of environment pollution.

### **Special Address by Albert Pintat, Prime Minister of Andorra**

Prime Minister Pintat welcomed the conference participants to Andorra. He noted that we now live in a globalized world but that globalization is often seen in conflicting ways, and that it is important to understand how the expansion of global trade and deep economic integration can benefit everyone. The Prime Minister emphasized the key role played by international organizations, while acknowledging that they are not perfect and that there is a certain credibility gap. He explored some of the differences raised between the liberalization of the trade in services and the trade in goods and some of the issues raised as a result, such as delocalization.

He noted the need to keep promises that are made and to overcome obstacles in issues such as the burden of foreign debt, intellectual property, environment, brain drain and commodity prices. Debt reduction also needs to be a priority. With regard to the issue of patents and access to medication, a solution needs to be found that enable drugs to be sold at cost price to those who need them without inhibiting the research of new drugs.



Globalization is a challenge for Andorra, as it is a place where borders are still in existence and are still important. In the past, there were only 5,000 people living in Andorra and in the 1950s half of these were working in agriculture, whereas today there are 80,000 inhabitants and the country has much more of a service economy with only three percent of the population working in agriculture. Andorra has a favourable natural environment, and so it should set an example in protecting the environment. We must also ensure that social issues are addressed, he said. Mr. Pintat stressed Andorra's commitment to combating money laundering and its desire to be taken off the OECD's list of tax havens.

The Prime Minister concluded by saying that free trade is of fundamental importance for all countries and that Andorra is a country trying to navigate through the challenge of globalization and to eliminate barriers to foreign investment.

The following debate looked at the financial demands and pressure faced by Andorra including those from the OECD. The Prime Minister highlighted some of the difficulties faced by Andorra in protecting its independence and acknowledged the need for the country to move in the same direction as the rest of Europe. The tourist industry in Andorra was discussed, examining some of the major changes on the horizon for Andorran businesses. The need to ensure that markets function properly was discussed along with the need for close financial co-operation and regulation. Finally, the Prime Minister concluded by stating that Andorra is working towards being taken off the list of tax havens, but this is not a simple task as it involves controversial legislation, which is currently being worked on.

## **Closing Session**

Mr. Josep Dalleres, Head of the Andorran Delegation to the OSCE PA, thanked all of the speakers for taking part in this economic conference and then provided an overview of some of the main issues that had been examined in each of the five sessions. He emphasized the need for the WTO to improve and develop its relations with other institutions. He stressed the need to eschew protectionism and instead take a multilateral approach to tackling the challenges of implementing free trade. Mr. Dalleres reiterated the need to develop communications technology, support small and medium-sized business and effectively manage energy. He also highlighted the need for significant investment in research and development and to ensure that we avoid child exploitation and provide education.

He finished by extending his thanks to all of the delegations for participating and to those people who helped with organizing the conference.

President Lennmarker stated that this had been a very interesting conference and acknowledged the excellent summary given by Mr. Dalleres. He noted that the Great Wall of China is the only thing visible from space and it is a symbol of protectionism, and man's eternal wish for protection. However, he emphasized that protectionism is not the answer, that jobs move around the world and that this is a good thing. Tomorrow, our workforce will do something different, he said, and protectionism usually just means protection of poverty. He recognized that the effects on individuals can be difficult, and so there is a need to ensure there is sufficient focus on education and training. There must also be pressure to act in a way that is good for the environment and explore ways to break the link between economic growth and growth in CO<sub>2</sub> emissions. The President concluded by thanking everyone for taking part and extended special thanks to the Andorran organizers.

Since 1997, the OSCE PA has organized an Economic Conference every two years, providing parliamentarians with occasions to exchange views with colleagues and international experts and to deepen their understanding of OSCE issues within the wider context of OSCE principles and the OSCE's comprehensive concept of security.

The previous four conferences were held in Tromsø, Bern, Nantes, and Monaco.

Respectfully submitted,

Mr. Maurice Vellacott, M.P  
Canadian Delegation to the Organization for Security and Co-operation  
in Europe Parliamentary Assembly (OSCE PA)

## Travel Costs

<b>ASSOCIATION</b>	Canadian Delegation to the Organization for Security and Co-operation in Europe Parliamentary Assembly (OSCE PA)
<b>ACTIVITY</b>	OSCE Parliamentary Assembly's Fifth Economic Conference
<b>DESTINATION</b>	Andorra la Vella, Andorra
<b>DATES</b>	May 24-26, 2007
<b>DELEGATION</b>	
SENATE	Senator Consiglio Di Nino
HOUSE OF COMMONS	
STAFF	
<b>TRANSPORTATION</b>	<b>\$3,946.53</b>
<b>ACCOMMODATION</b>	<b>\$590.96</b>
<b>HOSPITALITY</b>	<b>\$0</b>
<b>PER DIEMS</b>	<b>\$177.80</b>
<b>OFFICIAL GIFTS</b>	<b>\$0</b>
<b>MISCELLANEOUS / REGISTRATION FEES</b>	<b>\$0</b>
<b>TOTAL</b>	<b>\$4,715.29</b>