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## **Report of the Canadian Parliamentary Delegation to the Fall Meeting**

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

**St. Julians, Malta  
November 17 to 19, 2006**

# Report

From 17 to 19 November 2006, the Honourable Senator Jerahmiel Grafstein, Treasurer of the OSCE Parliamentary Assembly, attended the Fall Meetings of the Parliamentary Assembly of the OSCE. Jean-Rodrigue Paré, advisor, accompanied the delegation.

## 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 current 56 participating States of the OSCE include “all the European states, the United States and Canada.”<sup>(1)</sup> Eleven other states in the Mediterranean and Asian regions, called “Partners for Co-operation,” have joined as observers. The organization defines itself as a primary instrument for early warning, conflict prevention and crisis management in the region. It is also recognized as a regional arrangement in the interpretation of Chapter VIII of the Charter of the United Nations, meaning that the members of the United Nations that are members of such an arrangement “shall make every effort to achieve a pacific settlement of local disputes through such regional arrangements or by such regional agencies before referring them to the Security Council.”<sup>(2)</sup> However, the OSCE is not, strictly speaking, an international organization in international law; that is to say that the resolutions it adopts are not legally binding for the signatory countries.

The organization’s 2007 budget is €168.2 million, almost three-quarters of which will be allocated to field operations in 16 states. About 3,500 persons work for the OSCE, 500 of them in its various institutions, and 3,000 in field missions. One-quarter of the OSCE personnel is made up of seconded staff from participating States.

### A. An Inclusive, Comprehensive and Cooperative Approach to Security

Above all, it is the composition of the OSCE, which includes the United States and Canada as full-fledged members of a body that addresses European issues, that makes the organization unique. The OSCE focuses on inclusive dialogue rather than selective admission. As a result, it keeps the lines of communication on essential security matters open between Western countries and other states which are less exemplary with regard to democracy. It also focuses on exchanges between the European Union and the states of Central Asia (Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan and Kyrgyzstan), which are not members of the Council of Europe. While the aim of the Council of Europe is above all the harmonization of democratic practices among member states, the OSCE seeks to promote the development of a vast geographic area, from Vancouver to Vladivostok, which is conflict-free, regardless of the democratic practices of the participants.

The organization’s resolutions and activities stem from an original understanding of security that is “global” in the sense that it goes beyond a merely political-military framework. In the *Charter for European Security*, adopted at the Istanbul Summit in November 1999, the heads of state and government of the OSCE participating states undertook to “address the human, economic, political and military dimensions of security as an integral whole.”<sup>(3)</sup> All forms of peaceful co-operation between participating States are viewed as tending to reduce the risk of conflict within the region.

The OSCE's approach is called "cooperative" in that the 56 participating states all enjoy equal status. Decisions are made by consensus rather than majority vote. <sup>(4)</sup>

## **B. Operational Capacity**

Following the Cold War, the OSCE developed its institutions and its operational capacity in response to often urgent requirements, not as a result of a strategic plan developed in a long-term perspective. The *Paris Charter for a New Europe* laid the foundation for the OSCE's institutional structure in 1990.

The OSCE allocates almost 75% of its budget to field operations, yet has no missions in Western Europe or North America. This fact is frequently cited by the Commonwealth of Independent States as a basis for the argument that the organization employs a double standard in its relations with the participating States, whereas it claims to be cooperative and egalitarian. The OSCE's response is that its operations are conducted on the basis of commitments based on consensus and at the request of the countries themselves. The OSCE's six missions in south-eastern Europe represent half of the organization's budget. The Kosovo Mission budget alone (€35.2 million in 2007) is almost equal to that of the Secretariat and all the institutions of the OSCE (€30.9 million).

The Chairmanship of the OSCE changes every year, with the "Chairman-in-Office" function rotating among the ministers of foreign affairs of the participating States. As the organization's senior diplomat, the Chairman-in-Office is supported by the Secretariat and its Secretary General.

Miguel Angel Moratinos, Minister of Foreign Affairs, Spain, is the OSCE Chairman-in-Office for 2007. Marc Perrin de Brichambaut, from France, has been the OSCE Secretary General since June 2005.

## **C. OSCE Parliamentary Assembly (PA)**

Instituted by the OSCE (then the CSCE) in the *Paris Charter for a New Europe* in 1990, the Parliamentary Assembly held its first annual session in Budapest in July 1992, and its Secretariat in Copenhagen began operating in January 1993. It is an independent organization, with separate funding, which has a non-decision-making power of influence over the OSCE's activities. More than 300 parliamentarians appointed by their respective parliaments meet twice a year to debate a large number of matters pertaining to the OSCE. The parliamentarians produce declarations and reports and issue recommendations to their governments, parliaments and civil society concerning the OSCE's three areas of action. The Parliamentary Assembly plays a key role in the monitoring of elections in the OSCE's region and regularly sends parliamentary delegations on field operations.

The OSCE's Parliamentary Assembly meets every July for its Annual Session, in November for its Fall Meeting, in February for its Winter Meeting and in May every two years for its Economic Forum. At the Annual Session, the Assembly adopts a final declaration and resolutions at its plenary session. It elects the 11 parliamentarians who form the Bureau of the Assembly (the President, nine Vice-Presidents and the Treasurer), as well as the Chair, Vice-Chair and Rapporteur of each of the three General Committees. The members of the Bureau, the chairs of the General

Committees and the heads of delegation of the participating States together form the Standing Committee. At the Annual Session, decisions are made by majority vote, whereas the Standing Committee uses the “consensus less one” rule, except for appointing the Secretary General, which is done by majority vote. The 2006-2007 Parliamentary Assembly budget is €2.56 million. Canada’s 2006-2007 contribution to the Parliamentary Assembly was set at €141,699.

Mr. Göran Lennmarker (Sweden) has been President of the Parliamentary Assembly since July 2006, succeeding Mr. Alcee L. Hastings (U.S.A.). Mr. Spencer Oliver (U.S.A.) has acted as Secretary General since January 1993. The Honourable Jerahmiel Grafstein, member of the Canadian Senate, has been Treasurer since July 2004. The Honourable Senator Consiglio Di Nino has been the head of the Canadian delegation since February 2005.

## **2006 FALL MEETING OF THE PARLIAMENTARY ASSEMBLY**

From 17 November to 19 November 2006, 250 parliamentarians from 51 of the 56 OSCE participating States, together with representatives of the “Partners for Co-operation” states, met for three complementary events: the Parliamentary Conference on “Immigration, Integration and Intercultural Dialogue: the Role of the OSCE,” the Standing Committee Meeting, reserved for members of the Bureau and the heads of delegation, as well as the Mediterranean Forum of the OSCE Parliamentary Assembly.

### **A. Parliamentary Conference on: “Immigration, Integration and Intercultural Dialogue: the Role of the OSCE”**

#### **1. Inaugural Session**

The Conference opened with an address from Mr. Anton Tabone, Speaker of the House of Representatives of Malta. He reaffirmed Malta’s unrelenting support for greater tolerance and respect with regard to cultural differences. Mr. Tabone would like the international community to shift its notion of “multiculturalism,” which implies an element of separation in cohabitation, to a notion of “interculturalism,” which promotes ongoing dialogue. He identified the main problems of illegal immigration that concerns Malta particularly: the absence of legislation for shared responsibility among European Union members, the shortage of labour for some employment categories, which subsequently fosters illegal work, and the need for improved transit and detention centres. He warned those present of the urgent need to act so that these immigration activities would not worsen problems with human trafficking. Malta’s geographical position, small size and dense population create additional problems, and the country does not have sufficient international leverage to be able to manage the situation effectively. As a result, Mr. Tabone is asking for support from the OSCE Parliamentary Assembly to find a multilateral solution involving all the Mediterranean countries.

Mr. Jason Azzopardi, the Head of the Maltese Delegation to the PA, was delighted to mention that the meeting in Malta was the largest Fall Meeting in the PA’s history, with delegations from 47 participating States, 4 partner States, in addition to Libya’s presence as a guest State. He recalled how Malta had been able to make illegal migration a key issue over the past 30 years for the European Union of which Malta has been a member since 2004. He stated that “Malta is a small country with big problems,”

specifically because, after Macao and Singapore, Malta has the largest population density in the world with more than 1,200 people per square kilometre.

Mr. Göran Lennmarker, President of the PA, then addressed the assembly for the first time as President since his election in June 2006. He announced the six priorities for his presidency: to strengthen the role of the PA in existing OSCE activities; to mediate “frozen conflicts;” to promote human rights; to eradicate refugee trafficking; to monitor elections; and Central Asia with respect to the important issue of Kazakhstan’s candidacy for the OSCE presidency in 2009, upheld by the President of the PA. Mr. Lennmarker also emphasized the need for increased acceptance of cultural differences, without turning a blind eye to the serious integration problems with which all participating states are confronted. Immigration is as much an asset as it is a problem. In this regard, he went on to highlight how important it is for OSCE to actively contribute to the Spanish-Turkish “Alliance of Civilizations” initiative.

## **2. Session One: Promoting Integration in the OSCE: Challenges for Multiethnic Societies**

The first workshop was facilitated by Canadian Senator Jerry Grafstein who began by highlighting the openness of Canadians to the successful immigration and integration that exists in Toronto. Participants heard the following presentations:

- Peter Schatzer, Regional Director for the Mediterranean of the International Organization for Migration (IOM), painted a picture of the current state of international migration. One in three migrants currently lives in Europe, where there are between 3 million and 3.5 million migrants per year, compared to around 1 million in the United States. There are key issues associated with this migration pattern: the reinforcement of security measures threatens the rights of legitimate migrants, migration puts stress on the host country’s social services, migration affects the underground economy leading to corruption, and there is insufficient co-operation from the countries of origin. The problem often stems from the fact that many transit countries (such as Belarus, Ukraine, Moldova and Turkey) do not have the means to send illegal migrants back to their home countries nor do they have the means to sufficiently accommodate them.
- Professor Guido de Marco, President of Malta from 1999 to 2004 and President of the United Nations General Assembly in 1990-1991, insisted that, despite the importance Western countries place on the multiethnic and multicultural approach, these concepts are relatively new to Europe. These issues must thus be addressed carefully, and European countries need time to adjust to these new ideas. This is especially important to keep in mind with respect to migrants from non-European countries.
- Ambassador Werner Wnendt, Head of the OSCE’s important Kosovo Mission, presented the issues arising from multiethnic integration in the Balkans. In many areas, there is no trust between different groups; people fear for the future and are also afraid of each other. He described the role of the OSCE in Kosovo in developing democratic institutions, the judicial system, journalism and media,

police services, and training on human rights. The greatest challenge is to overcome the belief that “if it is good for my neighbour, then it is bad for me.”

A debate followed when some twelve members unanimously agreed that the rights of immigrants would be respected as long as immigrants complied with the host country’s laws. Some members said that the failure of the unitary integration model had been the cause of problems experienced in the French suburbs.

### **3. Session Two: Ethnic Identity and Cultural Diversity**

The second workshop was facilitated by the Special Representative for the PA for Southeast Europe, Roberto Battelli (Slovenia). The keynote speaker was Professor Ranier Fsadni of the University of Malta’s Mediterranean Institute.

- Mr. Fsadni made several conceptual distinctions to contextualize the debate surrounding the attempts to strike a balance between identity and diversity. According to Mr. Fsadni, the concept of “multiculturalism” is increasingly called into question, and the concept of “cosmopolitanism” is now favoured. The former implies the maintenance of a divide within a country, whereas the latter permits for greater intercultural exchanges not restricted by political limitations, which can still be expressed within one nation. He reminded the audience that there are significant differences between North American and European societies which make importing the North American models of cultural integration into Europe difficult. The European Union is a work in progress, negatively affected by its history of colonization that must open itself to communication with the rest of the world, specifically with North Africa, by focusing on the common elements in their respective histories.

In a way, the debate that followed the presentation muted the participants’ enthusiasm towards the dream of cultural integration in Europe. In response, Mr. Fsadni had this to say: “We have a tendency to see our conflicts in terms of interests, and we try to turn cultural conflicts into conflicts of interest. However, we must not forget that some conflicts actually are cultural.”

### **4. Session Three: Migration and Security**

The third workshop was facilitated by the Vice-President of the PA, Joao Soares (Portugal) who made a point of reminding participants of the security risks of attempting to associate increased migration with terrorism and threatening human rights based on this fear. Participants heard the following presentations:

- Karl E. Wycoff, Head of the OSCE’s Action Against Terrorism Unit, highlighted the need for improved cross-border control while acknowledging the limits to what can be achieved using this method alone. He presented his unit’s three programs: passport and travel document security, which has been a huge success; legal co-operation in matters of terrorism; and container security, to combat the issues of arms trafficking and human trafficking.
- José Gomà Torres, head of the State Secretariat for Immigration of the Ministry of Labour and Social Affairs (Spain), began by presenting the different reasons

for migration (economic, family, education or political) and the various consequences these can have on security. He reiterated the importance of recognizing that immigration policies have no real impact when dealing with illegal immigration.

The debate gave participants an idea of the complexity and diversity of the issues that States face, depending on whether they are the country of origin, destination, transit or a combination of these.

## **5. Session Four: Illegal Migration**

This workshop was facilitated by Panos Kammenos (Greece), Vice-President of the PA. Mr. Kammenos brought up the challenging task of setting out the specific legal boundaries of illegal immigration, including the roles of employers, who usually benefit the most from illegal immigration. Participants heard the following presentations:

- Tonio Borg, Deputy Prime Minister and Minister of Justice and Home Affairs (Malta), described the devastating effects of illegal immigration on small countries such as Malta. He listed the five key elements of the problem: the return, readmission and reintegration of illegal immigrants to their home countries; the need to improve border control in transit countries and countries of origin; the battle against human trafficking; the need to improve control over illegal immigration in transit countries; and the need to better integrate immigrants into the country of destination. He insisted that this problem is an international responsibility and that participating States should not use legal technicalities as a scapegoat to avoid dealing with the challenges of this problem for countries like Malta, a problem that could possibly affect the OSCE's other participating states.
- Gavin Gulia, Opposition Spokesperson on Home Affairs, complained about the absence of clear policies and agreements on the repatriation of illegal immigrants, particularly the absence of a policy within the European Union. The burden is thus placed solely on the host country. Malta, for example, is being asked to increase its standards with respect to the treatment of immigrants, while at the same time, there is no relocation allowed on the continent. The only people that benefit from this refusal to share responsibility are populists who claim that immigration poses a threat to national identity.
- Molly H. Bordonaro, United States Ambassador to Malta, exposed the challenges that illegal immigration causes for large countries, chiefly as a result of difficulties with border and coastal control. An estimated 500,000 to 800,000 people enter the United States illegally every year. The fact that a child born in the United States automatically acquires U.S. citizenship, regardless of the situation of the child's parents, gives rise to extremely complex legal, administrative and moral issues. Ms. Bordonaro mentioned some of the government's initiatives for fighting illegal immigration, including an agreement with Boeing to install cameras on drones, from which the images are transmitted directly to the border control officers.

During the debate, several participants denounced the absence of a common European policy and the current practice of batting back and forth between participating states on the difficult issue of illegal migration. With migration being the result of war and poverty, the problem is far from being resolved. Sooner or later this issue must be faced. In doing so, it is important not to relate the cause of the problem to Africa alone. Indeed, it is a global issue that requires the commitment of all the OSCE participating states.

## **B. Standing Committee**

President Lennmarker first set out the priorities that he had identified at the Parliamentary Conference, insisting on the need to strengthen the Parliamentary Assembly's position as an institution of the OSCE in its own right, and then presented his activity report. The activities included discussions on election monitoring missions with the OSCE Office for Democratic Institutions and Human Rights, a meeting with the newly appointed Chairman-in-Office, Mr. Moratinos (Spain), an official visit to Russia following the assassination of the journalist, Anna Politkovskaïa, a meeting with German representatives who will be sitting on the Council of the European Union during the first six months of 2007, as well as a meeting with the current Chairman-in-Office, Mr. De Gucht (Belgium), concerning sensitive issues that needed to be monitored closely in 2007.

The Treasurer of the Parliamentary Assembly, Canadian Senator Jerahmiel Grafstein, presented a very positive report on the finances of the organization, expecting a favourable review from the external auditors for the fourteenth consecutive year when the audit will be presented in February 2007. He gave the credit for this to the International Secretariat.

Secretary General Spencer Oliver presented his activity report, highlighting the efforts made by the International Secretariat to keep delegations regularly informed about the activities of the PA, in particular the reports presented by the Secretariat, and also the major efforts made to organize the election monitoring missions.

The Chair of the Sub-Committee on Procedure, Pieter De Crem (Belgium), submitted new proposals for amendments to the Rules of Procedure to the Committee. Several amendments were adopted, including the structure of the Bureau, the scheduling of the Fall Meetings and the responsibilities of the General Committees' vice-presidents.

The Standing Committee then heard the following presentations, among others:

- The Secretary General, Spencer Oliver (U.S.A.), described the misunderstandings that exist between the Parliamentary Assembly and the Office for Democratic Institutions and Human Rights (ODIHR) regarding their respective roles for the election monitoring missions.
- Joao Soares (Portugal) presented the results of the election monitoring missions in Montenegro in September, Bosnia and Herzegovina in October and Tajikistan in November. Although the success of these missions was never questioned, the parliament's political leadership of these missions is sometimes contested by ODIHR experts.



- Jesus Lopez-Mendel (Spain) presented the results of the modest monitoring mission of parliamentary elections held in Latvia.
- Marc Perrin de Brichambaut, OSCE Secretary General, presented the 2007 budget which would be submitted to the Ministerial Council in Brussels in December. He explained the budget planning process and stated that few changes had been made to the amounts allocated to different positions. He went on to mention the problems experienced regarding recruitment activities and in holding on to trained personnel, given the limited career opportunities that OSCE can offer. He also described the key issues that will be discussed at the Ministerial Council, and highlighted the importance of the role that Sergueï Lavrov, Minister of Foreign Affairs, Russia, will be expected to play.
- Tone Tingsgård (Sweden) reported on the work of the Ad Hoc Committee on Abkhazia (Georgia) and expressed her regret concerning the widening gap between the parties. As the Special Representative on gender equality, she also stated that little progress was being made in this area.
- Roberto Battelli (Slovenia), as the Special Representative on Southeast Europe, announced that he will be accompanying the President of the PA to Bosnia-Herzegovina and Montenegro in December.
- Göran Lennmarker (Sweden), President of the PA, and head of the Nagorno Karabakh Conflict, highlighted with hope the imminence of a meeting between the presidents of the parties involved in the conflict.

## **C. Mediterranean Forum**

### **1. Inaugural Session**

As President of this session, Göran Lennmarker (Sweden) drew attention to the fact that it was thanks to Malta's initiative that the Mediterranean element was included in the OSCE's founding document, the Helsinki Document. He suggested that the priorities for the Mediterranean dialogue should be free-trade as a means of economic growth, social development as a consequence of economic growth, and the environment.

Participants then heard the following presentations:

- Mr. Anton Tabone, Speaker of the Maltese Parliament, talked about the cultural unity in the Mediterranean region and the fact that security is the first requirement for achieving prosperity. He then spoke of Malta's active participation in various parliamentary forums.
- Jason Azzopardi, Head of the Maltese Delegation to the PA, addressed his country's long history of developing relations between the Mediterranean countries and asked that a lasting *Pax Mediterranea* be implemented.
- Alcee L. Hastings (United States), President Emeritus and Special Representative for the Mediterranean to the PA, talked about his visits to the six Mediterranean countries of the "Partners in Co-operation" group (Algeria, Egypt,

Israel, Jordan, Morocco, Tunisia) and reinforced the need for these States to become more involved in the PA's regular activities.

- Marc Perrin de Brichambaut, OSCE Secretary General, presented the results of the Sharm-El-Sheik Conference held in Egypt in November 2006. There were mixed results because there were several ministers absent during the conference, as well as several NGOs, whose presence would have facilitated discussions. Some progress was made with regard to the follow-up on migration issues. As a result of ongoing governmental resistance with respect to Mediterranean issues, and despite Spain's leadership, the project remains largely unsuccessful.

## **2. Session One: The Situation in the Middle East**

Chaired by PA President Emeritus Alcee L. Hastings (United States), participants heard the following presentations:

- Michael Frendo, Foreign Affairs Minister of Malta, raised the point that the Middle East topic was a priority in the strategic objectives of his foreign policy. Malta focused its actions on promoting dialogue between Israelis and Palestinians. No lasting solution can be enforced externally however. This is why it is critical to maintain moderate forces within each country with a view to bringing about reconciliation. Communication between the European Union and the Arab League must also be reinforced.
- Mehmet Dulger, Chairman of the Foreign Affairs Committee of Parliament (Turkey), demanded that the participating states stop treating Hamas and Hezbollah as State actors, and thereby legitimizing them undeservedly. Dulger believes that the Palestinian conflict is at the heart of all the other issues in the Middle East. He invoked the friendly relationship that exists between Turkey and Israel.
- Colette Avital, Deputy Speaker of the Israeli Knesset, reminded participants that Jews and Arabs are the children of one region, divided by their love for that same territory. Israel is attempting to follow the OSCE's model to resolve conflicts in order to quell the tension often present in the region. According to Avital, the "Two States" solution is the only viable option in the Israeli-Palestinian conflict, but it is the means by which this is accomplished that raises concerns. She concluded by addressing her apprehensions concerning recent developments in Iran.
- Ahmed Khattab, Director of Parliamentary Affairs for the Egyptian Ministry of Foreign Affairs, insisted that there will be no lasting peace until a Palestinian State is established.

## **3. Debate on the Situation in the Middle East**

The debate was preceded by a presentation from Canadian Senator Jerry Grafstein called *Joining the Knowledge Economy: Free Trade Track to Peace in the Middle East*

*(see Appendix 3). During the debate, the participants generally agreed that the “Two-States” option was the only viable solution.*

*The next Fall Meeting will be held in Portoroz, Slovenia, from September 29 to October 1, 2007.*

Respectfully submitted,

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

## ENDNOTES

(1) Final Recommendations of the Helsinki Consultations, Helsinki, 3 July 1973, par. 54, [http://www.osce.org/documents/mcs/1973/07/4136\\_en.pdf](http://www.osce.org/documents/mcs/1973/07/4136_en.pdf).

(2) Charter of the United Nations, Chapter VIII, art. 52, par. 2, <http://www.un.org/aboutun/charter/index.html>. The Security Council may also use such regional arrangements to implement coercive measures it has adopted.

(3) Charter for European Security, par. 9, in the Istanbul Document 1999, pp. 1-46, [http://www.osce.org/documents/mcs/1999/11/4050\\_en.pdf](http://www.osce.org/documents/mcs/1999/11/4050_en.pdf).

(4) In extreme cases, the “consensus less one” rule may be invoked where there have been serious violations of the organization’s principles. However, that rule has been used only once: in 1992, against the former Yugoslavia; that country was readmitted as Serbia and Montenegro after the election in the fall of 2000.

# **APPENDIX 1**

Travel Expenses

# APPENDIX 2

## OSCE Participating States

### THE OSCE PARTICIPATING STATES

- Albania
- Andorra
- Armenia
- Austria
- Azerbaijan
- Belarus
- Belgium
- Bosnia and Herzegovina
- Bulgaria
- Canada
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Georgia
- Germany
- Greece
- Holy See
- Hungary
- Iceland
- Ireland
- Italy
- Kazakhstan
- Kyrgyzstan
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- the former Yugoslav Republic of Macedonia
- Malta
- Moldova
- Monaco
- Montenegro
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russian Federation
- San Marino
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Tajikistan
- Turkey
- Turkmenistan
- Ukraine
- United Kingdom
- United States of America
- Uzbekistan

#### PARTNERS FOR CO-OPERATION

- Afghanistan
- Japan
- Republic of Korea
- Mongolia
- Thailand

#### MEDITERRANEAN PARTNERS FOR CO-OPERATION

- Algeria
- Egypt
- Israel
- Jordan
- Morocco
- Tunisia

## **APPENDIX 3**

**Speech Presented by the Honourable Jerry Grafstein**

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**OSCE Parliamentary Assembly Forum on the Mediterranean  
ECONOMIC SECURITY, TRADE AND CO-OPERATION  
IN THE MEDITERRANEAN BASIN  
MALTA, 17 - 20 NOVEMBER 2006**

**JOINING THE KNOWLEDGE ECONOMY  
“FREE TRADE” TRACK TO PEACE  
IN THE MIDDLE EAST**

**By**

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**FORUM ON THE MEDITARRANEAN – ECONOMIC SECURITY,  
TRADE AND CO-OPERATION IN THE MEDITARRANEAN BASIN**

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**MALTA, 17-20 NOVEMBER 2006**

**JOINING THE KNOWLEDGE ECONOMY**

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**“FREE TRADE” TRACK TO PEACH IN THE MIDDLE EAST**

Welcome to Parliamentarians from the littoral states all along the Mediterranean shoreline, from Europe, from the Middle East, from North Africa. Here in Malta, lying at the centre of the sea lanes of the Mediterranean basin, there is a living history lesson of how diverse languages and faiths can set an example of interfaith and international cooperation.

The Order of the Knights of St. John founded in Jerusalem in 1048 as a hospital for pilgrims ruled Malta from 1530 to 1800. They embarked Malta on its first golden period of art and culture and were composed of Knights from eight nations. The Order used the term “langues” to replace the term “nations” to avoid patriotic conflict and rise above the nationalist divisions for the common good. For example, the Order practiced human dissection in the Middle Ages when frowned upon at the time to advance the cause of knowledge and science.

In the last four for a sponsored by the OSCE Parliamentary Assembly with our regular annual conference with the OSCE Middle East partners we have discussed economic security, trade and co-operation in the Mediterranean Basin. I have been privileged to chair these meetings throughout this period.

No region in the world has suffered more economic damage than the Mid East since 9/11. I have advocated that progress towards peace in the unstable region could only be accelerated and facilitated through concentrating our energy and resources on the “free trade” economic track. The political track, whatever its outcome, will, of necessity, need the economic track to ensure peace and economic security in this troubled region. History teaches us that we cannot achieve peace and democracy on the political track alone. Europe after WWII was the most recent lesson. Without economic growth there can be no peace or stability.

Let me briefly review what we advocated at our previous conferences. In Rome in 2003, we noted that the founding Helsinki principles in the 1970’s led to the establishment of the OSCE. The 1975 Helsinki Final Accord incorporated The Agreement on Cooperation in the Field of Economics, Of Science and Technology. All member states agreed “to promote the expansion of their mutual trade in goods and services and to ensure conditions to such development.” This organizing principle lies at the heart of the OSCE.

Malta is an early example of the economic benefits of an open trading society that began in 700 B.C. with the Phoenician and Carthaginian periods. Even before Roman



times, all the littoral states along the coastline of the Mediterranean freely traded with one another. Indeed, ancient China used cities along the Mediterranean as its guideposts to western trade. Russia, from its feudal period used ports of the Mediterranean as a gateway to western trade. From the thirteenth to the fifteenth century the Hanseatic League – 200 “free” city states – served as an early model of diverse peoples all working in unison on the premise of “free trade.” Free trade filtered up and down from the Mediterranean throughout feudal Europe.

The European Coal and Steel community in 1951 which gave birth to the Common Market in 1957 was based on borderless free trade. As the Common Market expanded, such states as Spain, Portugal and Ireland, which had previously experienced sluggish growth rates, would lead the world in growth – Ireland being the most recent and consistent example based on essentially “free trade.”

There are numerous Mideast institutions that offer greater economic co-operation but regrettably all are lagging in definitive progress. They talk the talk but few robustly walk the walk. They include MENA (Middle East North Africa), EMFTA (European Mediterranean Free Trade Area), GAFTA, MAFTA, etc. North Africa and the Middle East States have too slowly opened up their borders amongst themselves and others to free trade and, when they do so, they have yet to exceed Israel’s free trade agreement with Europe. In North America, Israel’s free trade with Canada and the United States has experienced explosive economic growth. All Arab states lag behind. The EU’s Barcelona process has targeted 2010 as a date for free trade zones for all the 15 littoral Mediterranean states. This process is too slow and still too cumbersome. In 2003 President Bush, reiterating his desire to make “free trade” a priority in the Mediterranean Basin, invested millions of dollars upon this transition and entered into free trade agreements not only with Israel but also with Jordan and Morocco and a partial agreement with Egypt. Regrettably, Canada has yet to follow suit.

In our conference in Rhodes in October 2004, I attacked the problem of the crisis in Mideast agriculture and demonstrated that tariff trade barriers in agricultural trade inhibit economic growth and stability.

Jobs in the Arab Middle East were and are a priority. Two-thirds of the 300 million population of the Arab Middle East is under 35 years old. While this youthful population grows the Arab economies continue to lag. The percentage of foreign investment (FDI) has sagged since 9/11 and is barely growing.

What of the Chinese economic experience? First of all China modernized its own agricultural sector first before moving to grow its industrial base, not an easy path either in Europe or in North America for the Mideast.

In the Arab Middle East agricultural wages continue to be low and unsatisfactory. Productivity per agricultural worker ranges from \$412 according to World Bank Report in Yemen to \$29,000 in Lebanon. Meanwhile, agricultural wages in the United States averaged \$60,000 in the U.S., \$43,000 in Canada, \$30,000 in Europe and \$41,000 in Israel in 2004.

There are no aggressive trade policies in agriculture to attack this problem amongst the Arab states themselves. I called for a Mideast Economic Commission. I called for

Mideast Farm Marketing Boards. I called for Mideast Common Markets to reduce inter-regional trade barriers. I have argued that time is running out. At least a million jobs a year are necessary to meet the current basic demands in the Middle East and still its governments languish in ideological battles. Less than 10% of that jobs goal was reached in the last statistics available.

In Sveti Stefan in Montenegro last year, I renewed my advocacy for organizing economic marketing vehicles. I noted that the Adriatic/Ionian Initiative and the creation of a ministerial council was a good framework but even this co-operation continues to sputter along with little political energy or political priority.

Direct foreign investment by Arab states, now awash in oil revenues, in the Arab Middle East was negligible as a percentage the last few years. Meanwhile two-thirds of all outside foreign investment went to just two countries, Saudi Arabia and Egypt. For example, Argentina with a population of 35,000,000 compared to 300,000,000 in Arab Middle East alone received \$14 Billion of foreign direct investment, almost three times more than the entire Arab Middle East, even though Argentina is one-tenth the size in people and less than ten percent of the land mass.

Still I argue that there were hopeful signs. Literacy and women participating in the economy in the Mideast are increasing, Arab exports were slowly climbing. Female participation in the economies while lagging was 33% compared to 56% of developing countries, was now slowly on the move.

Today I would like to turn our attention to the new global economy, the knowledge economy. New power is knowledge, sharing knowledge in the open networks and super knowledge economies yet the Arab Middle East lags in computers per household. A recent UN Report on E government shows the Arab Middle East woefully behind almost all regions and all categories – computers per household, phone lines, telecommunications, wireless service. Meanwhile Arab Middle East governments lag behind all regions in E Governance. Here in Malta, now Europe's most connected region by wireless, serves as a Mediterranean example of rising to a knowledge platform.

Why focus on the knowledge economy? Knowledge economies are based on production, distribution and dissemination of knowledge and information. It is our future and the future of our children.

In the industrialized economies, growth increases in direct proportion to high technology investments, skilled labor and productivity gains.

Is it not a shame when the world's greatest discoveries and innovations originated in the Middle East centuries ago, mathematics, science, invention of new products, in our modern era the people of the Arab Middle East struggle for basic necessities and adequate supply of fresh water? Too many of the region's economies are based on single resources. Knowledge economy is based on the education and enhanced skills to capture speed and directly result in economic opportunities and facilitate improvements in education, skills and the quality of life for all citizens.

In the Middle East and North African regions – MENA, population continues to increase from 278,000,000 in 2000 to 305,000,000 in 2005. Infant mortality rates are slowly but

too slowly decreasing. Rural school enrolment is increasing slowly. The ratio of girls to boys in schools is increasing but too slowly. Primary and Secondary education is increasing and so is literacy but too slowly. While military expenditures continue to be high, inflation is slowing. Cultural exports are flat. Industrial growth lags. Exports of goods and services are a modest increase. These are offset by equally modest increases in imports.

The only good news for the Mideast Region is fixed lines and mobile phones. Subscribers per 1,000 has doubled from 109 per thousand in 2000 to 219 per thousand. In 2004, the number of internet users per 1,000 people has increased from 9 to 58. Technology exports are flat. In North America and Europe, household internet users are over 70% and growing.

There remains therefore a deep digital divide between North America, Europe and the Arab Middle East. The MENA region lags behind in most other developing countries regions in terms of telephones and access to the internet around the world.

One bright spot is Jordan. In 2000 Jordan launched a new strategy, an exciting experiment focused in developing its IT sector. Jordan took data from other countries, Egypt, India, Ireland and Israel, to make cross-country comparisons. From this data Jordan came up with a new strategy with goals to create 30,000 IT jobs, generate 500,000,000 in annual exports and ensure \$150,000,000 in direct investment, all by the year 2004. Though these targets were extended to 2006, rapid progress was made. The Jordanian government introduced a "Connecting Jordanian Initiative," funded in part by the United States Agency for International Development, to build a broad band learning network to link all public educational institutions and community-based access stations. These knowledge stations were located generally in rural and remote areas of the country where the citizens would not otherwise have access. IT specialists were recruited to set up IT infrastructure, including a "gender" specialist recruited to work with women to help them benefit from the knowledge station and provide outreach to the community in general. The result of this brilliant experiment has been published in full. The evidence is that this has been a tremendous jolt of jobs and economic improvement upon Jordan towards a knowledge economy platform – over 40,000 new jobs in Jordan.

Jordan's experiment and, more particularly, the jolts from the QIZ Zones (Qualified Investment Zones) in Jordan under their free trade agreement with the United States which requires inputs from Jordan and Israel for free access to United States markets parallels the Moroccan Free Trade Agreement with the United States. The results from those initiatives of free trade provided another boost, not only in Jordan, but in the partial free trade zones established in Egypt where business is lining up to participate and jobs are dramatically increasing.

There are success stories that can propel "free trade." These experiments can be duplicated across the Middle East. I argue again, and I urge all parliamentarians to take a lead in their own member states, to look at the objective evidence of these exciting economic policies and measure their results in jobs and economic improvement. "Free Trade" offers a fast track to peace and stability in the Middle East!

Where there is a will there is a way. There is a clear path to peace and economic prosperity and security in this historical region where civilization was born.

Look at the facts, move away from the ideology, and watch prosperity grow!

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## Travel Costs

<b>ASSOCIATION</b>	Canadian Delegation to the Organization for Security and Co-operation in Europe Parliamentary Assembly (OSCE PA)
<b>ACTIVITY</b>	Fall Meeting
<b>DESTINATION</b>	St. Julians, Malta
<b>DATES</b>	November 17 to 19, 2006
<b>DELEGATION</b>	
SENATE	Senator Jerahmiel Grafstein
HOUSE OF COMMONS	
STAFF	Mr. Jean-Rodrigue Paré, advisor
<b>TRANSPORTATION</b>	<b>\$13,612.36</b>
<b>ACCOMMODATION</b>	<b>\$1,516.32</b>
<b>HOSPITALITY</b>	<b>\$</b>
<b>PER DIEMS</b>	<b>\$897.58</b>
<b>OFFICIAL GIFTS</b>	<b>\$</b>
<b>MISCELLANEOUS / REGISTRATION FEES</b>	<b>\$27.37</b>
<b>TOTAL</b>	<b>\$16,053.63</b>