

**The Twelfth Meeting of the OSCE Economic Forum** ENGLISH only

**“New Challenges for Building up Institutional and Human Capacity  
for Economic Development and Co-operation”  
Prague, 31 May - 4 June 2004**

**OPENING ADDRESS**

**by H.E. Dr. Solomon Passy, Chairman in Office of the OSCE,  
Minister of Foreign Affairs of the Republic of Bulgaria**

Mr. Chairman,  
Mr. Minister of Foreign Affairs of the Czech Republic Cyril Svoboda,  
Mr. Secretary General,  
Excellencies,  
Ladies and Gentlemen,

It is an honour and a privilege for me to speak at the Twelfth Meeting of the OSCE Economic Forum. I am particularly satisfied to see high-level delegations of all participating States, representatives of international organizations, NGOs, leading businessmen and prominent academics at this gathering. This proves that we can do a lot in the future.

I would like to express my warmest gratitude to the Government of the Czech Republic and personally to the Minister of Foreign Affairs of the Czech Republic H.E. Cyril Svoboda for hosting this event and to commend the organizers of the Forum for their continuous efforts to make our stay in Prague both pleasant and fruitful. Thank you, Cyril! Thanks for your provocation. If more of us were such the OSCE would have gained much more!

During the last fifteen years the OSCE region has experienced many profound and far reaching changes. The year 2004 has brought new landmark events, namely the enlargement of the European Union and NATO - the two main pillars of prosperity and security on the European continent. On 1 May the European map was redrawn after the EU embraced ten new member states and the road was paved for Bulgaria and Romania to join in 2007 with other countries to follow. The most ambitious expansion of the EU is undoubtedly beneficial for the OSCE since it brings us closer to attaining the cherished dream of generations of Europeans - a united, strong and prosperous Europe without borders and dividing lines. The EU enlargement also carries new implications for the OSCE – it enables the organization to more effectively assist a number of participating States in overcoming economic and social disparities and in achieving sustainable economic growth.

This year's Economic Forum will debate on the **“New Challenges for Building up Institutional and Human Capacity for Economic Development and Co-operation”**. We promoted this theme because market economy institutions and adequate human resources are essential factors for sound economic development, regional security and co-operation.

The economic situation in different OSCE sub-regions varies. However, can we talk about a successful transition to market economy in Central Asia and Afghanistan, given the

fact that in some countries the salary hardly reaches the required physical survival level? In a country from that region the average salary is only 9 USD per month. How could we talk about economic reforms in the absence of regional co-operation and of on-going dialogue with neighbouring states? The successful transition to market relations cannot be achieved within the realm of economy alone since it cuts across all spheres of social life. We cannot achieve market economy in a country without at least two different newspapers, two different radio or TV stations, expressing different ideas and values. Market economy calls for competition not only of goods, services and investment, but of ideas, visions and cultural values as well. And how can we talk about ecology, let alone about security and co-operation, when tons of land mines remain the dormant guards of boundaries between neighbours? It is the mission of OSCE to promote dialogue between neighbours rather than manage crisis postfactum.

The reforms leading to market economy are difficult and painful. More often than not, they entail high political and social costs. Their implementation has to be supported by clear vision and incentives. That is why the international community should offer to the region of Central Asia, Afghanistan included, a clear vision, relevant assistance and strong incentives, similar to the ongoing integration processes involving other OSCE sub-regions.

The same fully applies for the region of South Caucasus. The offering of Euro Atlantic perspective to these countries will undoubtedly enhance the reform process there. We welcome therefore the fact that the European Union's New Neighbourhood Policy encompasses the region of South Caucasus and support its implementation. We believe that this policy should give clear vision and incentives to other countries, adjacent to the EU enlarged area.

The Western Balkans is another example, which proves how incentives of Euro Atlantic integration have brought stability and advancement towards democracy and functioning market economy. In this respect the stabilization and association process is playing a leading role. However, it is difficult to talk about functioning economy in the region of the Western Balkans while we still have the conflict in Kosovo unresolved. The standards before status policy obviously could be related to a more clear time framework and to the respective incentives and guarantees. During our recent visit with the NATO Secretary General Mr. Jaap de Hoop Scheffer to Kosovo we strongly emphasized that no solution could be achieved through violence.

With regard to the sub-region of South Eastern Europe another main factor for functioning market economy is the development of modern network and infrastructure. Infrastructure projects contribute to building up a stable and perspective region, fully integrated in the European economic space. The main priority shall be the development of the European transit corridors, which shall contribute to the development of comprehensive communications among the countries in the sub-region. Let me now bring to your attention a fact that illustrates the situation of transport links in some parts of South Eastern Europe. In the 21<sup>st</sup> century, it takes 9 hours to reach Tirana from Sofia by car, the distance being only 550 km. Moreover, there is no air and railway connection even between Sofia and Skopje which is the heart of the Trans European Corridor No.8. Even using airplanes it would take 12 hours to go from Varna to Belgrade or 13 hours from Burgas to Tirana. These figures are much bigger than the European standards.

I would like to bring to your attention the success story of the East Balkans where the strong determination to implement market reforms, the clear vision of Euro Atlantic integration, the desire to foster regional dialogue and co-operation and the support of

neighbouring countries have transformed the region into an area of political stability, security and economic advancement.

I look forward to extensive exchange of opinions on the contribution of integration processes to European stability and security, their compatibility, interrelation with globalisation and perspectives at the Special session of this year's Economic Forum.

The institutions dealing with business climate, facilitation of small and medium sized enterprises, promotion of foreign investments and training of skilled staff have to become operational in all participating States but most of all in those who desperately need it. I hope that the Economic Forum should draw conclusions on this important issue based on the deliberations of the three preparatory seminars.

The deficiency of professional skills needed for proper management and efficient operation of the institutions was among the motives that led the Bulgarian Chairmanship to include education among its main priorities in 2004. Education and the development of human potential in the public administration, the private sector or the academic realm is a major tool for ensuring economic advancement for each country, as well as more regional stability and security.

I strongly believe that education could be our best common investment for the future and therefore I would like to encourage you to discuss thoroughly the possibilities of the OSCE further involvement in this field.

The partnership between the public institutions and business community on addressing the issues of institutional and human capacity building is of paramount importance. That is why we are committed to engage in OSCE activities all sectors of society, and in particular the private business.

The Bulgarian Chairmanship believes that the OSCE role would be to facilitate these processes and results can't be achieved without permanent interaction on economic and environmental issues with other international organizations and institutions with relevant expertise and resources.

Mr. Chairman,

I believe that the theme of the Economic Forum, the review of the implementation of the commitments, and the other issues on the agenda will stimulate us to focus on how to strengthen the economic and environmental dimension, how to make it more dynamic and results-oriented and how to enhance the OSCE's comparative advantage, its capacity to provide and mobilise assistance and advice, and its catalytic role for international co-operation. I hope that definite results and practical recommendations for follow-up activities will emerge as a result of our discussions over the next few days. This will be a practical contribution to improve the balance between the three dimensions of the OSCE activities.

In closing, I would like to quote the eminent playwright George Bernard Shaw: "If you want to succeed in life, you should stand and look for circumstances you need. If you don't find them – create them!". This should be the legacy for the Economic Forum.

I wish you fruitful deliberations and a successful outcome! I personally will follow closely the major developments that will follow this meeting.

Thank you for your attention!