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**STATEMENT OF THE EUROPEAN UNION AT THE OPENING SESSION
OF THE XI OSCE ECONOMIC FORUM**

The European Union greets all delegations that participate in this OSCE XI Economic Forum; for one more year, it offers us the opportunity to meet in this marvellous city of Prague. We would like also to thank the Czech authorities for their hospitality and all those responsible for the organization of this event for their efforts to make this meeting fruitful and successful.

The EU attaches the utmost importance to the issue of trafficking, its economic and social roots and its national and international economic impact. The EU has shared its experience in this field during the three preparatory seminars in Sofia, Ioannina and Tashkent and considers suggestions made there a valuable input for discussion in this year's Economic Forum.

This year's meeting of the Economic Forum, coincides with a period of work in Vienna on developing a strategy on the Economic and Environmental Dimension of the OSCE. The EU has contributed positively and is ready to continue to do so, to the efforts to give direction and substance to the Economic and Environmental Dimension of the OSCE, as tasked by the Porto Ministerial Council. In this respect, we consider as very useful, the special session foreseen to discuss the progress on the development of the New Strategy Document.

Trafficking in Human Beings, Drugs and Small Arms and Light Weapons (SALW) does not just cross borders, but also dimensions. It causes human misery, but also devastates national economies and puts intolerable pressure on political systems. Trafficking in all its forms is increasingly in the hands of organised and often interconnected criminal groups, which do not only undermine and infiltrate the legitimate economy, but threaten the stability of states, hollow out their institutions and foster corruption. Indeed, trafficking, organised crime, corruption and institutional failure are all elements of the same vicious circle. Especially in the poorer countries these find their cause in and are fed by the combination of poverty, the lack of economic development and weak governance.

The World Summit on Sustainable Development in August last year demonstrated once again the obvious, but too often forgotten truth: social and economic de-

velopment are but two sides of the same medal. The one cannot exist without the other. The global problem of trafficking in human beings, drugs and small arms poses a serious threat to human security, social stability and to both economic and social development. Our discussions in the coming days have thus to be seen as an important element in the wider endeavour to pursue a constructive partnership for change and build a humane, equitable and caring global society, which looks after the environment in keeping with the commitments adopted in Johannesburg.

Trafficking in human beings has become an ever-increasing problem. Combating this atrocity at its roots requires the strong, co-ordinated political commitment of national and international bodies combined. Institutional reinforcement, common definitions of the offences based on international standards, obtaining information, national and international co-ordination of efforts are crucially important for the efficient prosecution, dismantling of the networks and suppression of this crime across countries of origin, transit and destination.

The main reason for people to seek work abroad is of course lack of attractive and viable employment opportunities at home. Thus, Governments in countries of origin need to take a wide range of measures in order to create an environment conducive to employment creation, such as encouragement and protection for SMEs and promotion of domestic and foreign investment. Promoting good governance, strengthening the rule of law and maintaining political stability will all help to create an economic climate favourable to the creation of employment opportunities..

It is very important to note that trafficking in persons is a legal concept different to that of smuggling of migrants even if, in practice, both offences may sometimes overlap. Victims of human trafficking under different degrees of deception, coercion or force are used by traffickers, not only in the sex industry, but also for many other exploitative purposes. Migrants smugglers merely organize for their own profit illicit immigration. The UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women, and Children, supplementing the UN Convention against transnational organized crime, the so-called Palermo Protocol should guide our work.

In all countries, indeed also in destination countries, serious efforts must be made to reduce the demand for the services of the victims of human trafficking. These concern exploitation on the labour market as well as exploitation in prostitution and other sexual exploitation.

With its strong credentials for building political commitment and providing advocacy the OSCE can play an important role in combating trafficking in human beings.

The EU strongly supports the elaboration of an OSCE Action Plan to Combat Trafficking in Human Beings, which we hope to have adopted at this year's Maastricht Ministerial meeting. This document should become a new and comprehensive tool for states in fighting this crime. The EU Framework Directive on Trafficking in Human Beings is an example of how EU states are acting as one in the fight against this scourge. We encourage other OSCE participating States to consider whether elements of the directive might be relevant of helpful in their circumstances.

Drug trafficking affects all OSCE participating States. The fight against drug trafficking requires a complex and multifaceted approach. As was repeatedly stated over the course of the Third Preparatory Seminar for the Eleventh OSCE Economic Forum, it is necessary to tackle both the supply and demand of illegal drugs at the same time as organised crime, money laundering, corruption and terrorism, as they are often closely linked to drug trafficking.

Unlike trafficking in other areas, the distinction between countries of origin, transition and destination of trafficking in drugs is not clear cut anymore. Traditional producing countries are increasingly becoming consumers and *vice versa*. This is so, especially, as the demand of relatively cheap synthetic drugs and precursor chemicals is growing world-wide, generating out-of-scale margins of profit in traditionally consumer countries.

The drug problem in the OSCE area shows no sign of abating. The routes used by drug traffickers are well known and they further evolve with the expected increase in illicit poppy cultivation and heroin manufacture in Afghanistan. This negative development is likely to have adverse effects on the whole area, both for transit as well for consumption countries. ATS (amphetamine-type stimulants) and especially Ecstasy represent a continued threat to all countries of the region, especially for young generation. The OSCE should seek ways for better data collection in order to identify best policies to address the ATS problem. On this issue, the EU would like to remind that a Ministerial Conference on the Drug routes from Central Asia to Europe is being held in Paris (may 21-22).

Following the work already done by the UNODC there is an urgent need for a holistic approach to the threat of organised crime, trafficking in drugs and terrorism by *inter alia* intensifying financial investigations to prevent money laundering. The role of the OSCE can be crucial in mainstreaming a holistic view on the world drug problem and this role should be incorporated into its new strategy for the Economic and Environmental Dimension. The OSCE is well placed to take a political advocacy role in the field of drugs.

In the field of drug trafficking, several other organizations have already developed important experience and a normative framework. The role of the OSCE, as developed above, should be to reinforce the efforts of such organizations and work in close co-operation together with them.

Small Arms and Light Weapons are produced by more than 1000 companies in at least 98 countries world-wide. At least 41 countries in the OSCE area have the capacity to produce small arms and/or ammunition.

The overwhelming majority of small arms and light weapons start their lives legally. Legal weapons tend to become illicit through uncontrolled transfers. As a response the OSCE developed its Document on Small Arms and Light weapons which has already proved to be standard setting world wide. The crucial implementation of the document with its transparency through information exchanges is on a good track. The next important step will be the finalization of various Best Practice Guides in the near future. We are confident that these guides will be an important practical contribution to the fight against trafficking in small arms and light weapons.

Terrorist and criminal groups, which are in many regions involved in the illicit trafficking of several types of items, and arms brokers, which facilitate and organise arms transactions, can provide counterfeited documents, and sometimes have their own transport facilities. This underlines the need for enhanced border management and information exchange as well as cooperation between various governmental officials.

Most illicit small arms and light weapons go to criminal groups, terrorists and rebel armies, and fuel crime, conflict and insecurity. Such a situation undermines a government's legitimacy and ability to enforce a reliable and consistent legal framework for the normal functioning of markets. It is detrimental to creating an environment conducive to economic development as it hinders both domestic and foreign investment except in some quick high-profit areas like oil and gas field exploitation and exports.

The main recommendation is therefore to first focus on regulating the legal production of small arms and secondly control the trade. Governments need to tighten legislation and regulations on production and trade and invest substantially in its implementation by police and customs authorities. The third important issue is the reduction of surplus stocks in post-conflict areas in the OSCE-region.

The EU member States are contributing to, and/or implementing themselves or together with other partners, a large number of projects in the field of border management, police training, and projects to reduce surplus stocks of SALW.

As trafficking affects all dimensions of security it is vital that the OSCE and its Participating States adopt cross-dimensional approaches in the fight against this scourge. The effectiveness of measures will increase if they are supplemented by complementary action in other dimensions.

Activities in the Economic and Environmental Dimension, therefore, can play an important role in addressing the challenges posed by trafficking in all its forms. The European Union believes that the OSCE through its Economic and Environmental Dimension should assist Participating States in achieving good governance, strong institutions and the rule of law. The OSCE can contribute to the promotion of legitimate commercial and financial conduct, sustainable development as well as economic and social inclusion. If necessary, the OSCE's existing capabilities in this field should be enhanced.

The European Union also believes that legislation which allows the seizure of assets acquired through trafficking and, if appropriate, their use for the financing of social projects aimed at preventing trafficking and helping its victims may play a decisive role in the fight against trafficking. Upon request, the OSCE could assist interested Participating States through the provision of model legislation in this field.

In order to fight trafficking across borders, Participating States should improve information exchange and co-operation among themselves. As suggested by the preparatory seminars, a network of focal points may facilitate international co-operation in this field significantly.

The efforts of the OSCE in the fields of policing and border management are of particular significance, since it is precisely police forces and border guards who fight trafficking directly. A comprehensive strategy against trafficking cannot be complete without an important policing and border management component. In this context, we would like to commend the Senior Police Advisor and his Unit for their efforts. At the same time, we express our support for increased OSCE activities in the field of border management.

The Acceding Countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia and the Associated Countries Bulgaria, Romania and Turkey align themselves with this statement.