

From the second basket of the CSCE to the economic and environmental dimension of the OSCE

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The second basket of the CSCE, relating to cooperation in the fields of **economics, science and technology** — and in the field of the **environment**, at the request of the countries of the West — was an area of negotiation that had long been overlooked in the CSCE. From the outset, its aim had been to look at ways and means by which trade and economic cooperation might be developed, by mutual agreement among participating States, ‘with due regard for the diversity of economic and social systems and under conditions of reciprocity of advantages and obligations.’ According to the Final Recommendations of the Helsinki Consultations (FRHC), the negotiations would, in particular, take account of the work of the United Nations Economic Commission for Europe (UNECE), the only international institution to which the text expressly referred. Moreover, in its chapter devoted to the second basket, the Helsinki Final Act promoted the development of multilateral cooperation within UNECE. Since 1947, that institution had been the main backdrop for the minimal economic relations between East and West.

In fact, it was not until Communism had collapsed and the contradictions between the market and planned economies had disappeared that the second basket increased in significance. At the same time, UNECE lost its exclusive control over the multilateral implementation of the CSCE’s economic provisions. After the Follow-up Meeting held in Vienna, which was concluded in 1989, the second basket was restructured around three main subject areas: trade and industrial cooperation, science and technology, and environment. In addition, specialist meetings were scheduled, thereby opening up new possibilities for cooperation; for instance, a Meeting on the Protection of the Environment was held in Sofia and, for the first time within the scope of the second basket, a ‘Conference on Economic Cooperation in Europe’ was held in Bonn.

In the Final Document of the Bonn Conference of April 1990, the participating States ‘[r]ecognise[d] that the performance of market-based economies relies primarily on the freedom of individual enterprise and the consequent economic growth.’ They also recognised ‘the relationship between political pluralism and market economies.’ Against a background of economic reform and structural adjustment carried out by countries setting up a market economy and of increased integration of all participating countries into the international economic and financial system, they considered that the progressive convergence of economic policies among the participating States would open new long-term prospects for the strengthening of their economic relations. In that regard, they made a number of commitments, in particular those to improve business conditions, facilities and practices for each other’s firms in their respective markets, based on freedom of establishment, to publish and make available comprehensive, comparable and timely economic, commercial and demographic information, to provide the appropriate economic, legal, banking and fiscal conditions conducive to the development of small and medium-sized enterprises, and to cooperate in establishing conditions for an efficient price mechanism and for progress towards convertibility. Lastly, the participating States suggested coordination among the various existing international economic institutions (for example, UNECE, the OECD, the European Bank for Reconstruction and Development and the International Chamber of Commerce) so as to avoid duplication of effort and to ensure the maximum effectiveness of their work.

At the Prague Ministerial Council held in January 1992 the Ministers of the participating States agreed on the need to strengthen the focus of the CSCE on the transition to and development of free-market economies as an essential contribution to the building of democracy and, to that end, agreed to establish an **Economic Forum** within the CSO (which became the Senior Council). The CSO would convene as the Economic Forum in order to give a political stimulus to the dialogue on those topics, to suggest practical contributions to the development of free-market systems and economic cooperation and to encourage activities already under way within European and transatlantic organisations competent in such areas.

In December 1994, the Budapest Review Conference highlighted the importance of paying close attention to the interrelationship among the various dimensions of the comprehensive concept of security and defined the areas of activity covered by the economic dimension of the OSCE, namely economics, the environment, science and technology, and regional and transfrontier cooperation. However, despite the intention to integrate it into the tasks to be addressed by the OSCE, the economic dimension would still be the ‘poor relation’ of the organisation compared to the politico-military and humanitarian dimensions. For example, unlike in the case

of the other two dimensions of the organisation, no institution was entrusted with its management, and it merely came under a specialist formation of the Senior Council; nor was it the subject of annual — or, for that matter, regular — review meetings.

However, attempts were made to strengthen the OSCE's economic and environmental dimension through a number of measures. In 1997, the position of **Coordinator of OSCE Economic and Environmental Activities** was created in the Secretariat with a mandate to strengthen the economic and social components of the work of OSCE missions, and an Economic and Environmental Subcommittee of the Permanent Council was established in 2001, providing the participating States with a permanent forum for discussion in that area. From then on, increased attention was paid to the specific field operations of the OSCE and, in particular, to issues concerning, for example, the economic aspects of post-conflict reconstruction, the environmental impact of conflicts and the economic factors and consequences of terrorism.

Finally, the Maastricht Ministerial Council held in December 2003 adopted the OSCE Strategy Document for the Economic and Environmental Dimension which identified the challenges and threats in that dimension as well as the responses and action needed to address them.