



Follow-Up on Recommendations in the Vilnius Declaration

Annual Session 2010

**General Committee on Economic Affairs, Science,
Technology and Environment**

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Note on sources: In September 2009, the International Secretariat circulated a questionnaire to OSCE PA Delegations, asking for information on the implementation of OSCE PA recommendations. Unless otherwise referenced, information in this report can be found in the responses provided by parliaments, which are available from the OSCE PA International Secretariat. The International Secretariat wishes to thank those Delegations which provided answers, as well the OSCE Secretary General for information provided on behalf of the OSCE.

Second General Committee on Economic Affairs, Science, Technology and Environment: Resolutions and Recommendations

Introduction

Parliamentarians representing 50 OSCE participating States met in Vilnius from 29 June to 3 July 2009 to assess developments and challenges relating to security and co-operation, focusing on the general theme of *The OSCE: Addressing New Security Challenges*. In particular, the Second General Committee on Economic Affairs, Science, Technology and Environment passed resolutions on energy security and co-operation, climate change, tax havens, free trade and water management in the OSCE area.

This report considers actions taken by the OSCE and its participating States in relation to the OSCE PA's recommendations. With the strong support of parliamentary delegations and the OSCE governmental side, the report is intended to provide a general overview of relevant developments by participating States and the OSCE.

While the majority of the recommendations addressed here are found in the OSCE PA's Vilnius Declaration of July 2009, key themes from past Declarations have also been considered, to ensure greater continuity and scope. The International Secretariat would like to thank the delegations which responded to the OSCE PA International Secretariat's Questionnaire for their support; the information provided by these answers have been an invaluable source in our research. Responses from delegations are available from the International Secretariat, and PA members are encouraged to examine this valuable source of information, in the interests of continuing exchanges of best practice.

Declaration

I. Vilnius Declaration, Chapter II

Recognizing that the global economic crisis “affects all three dimensions of security as described in the Helsinki Final Act of 1975,” Chapter II of the Vilnius Declaration calls upon the Kazakh Chairmanship of the OSCE in 2010 and the Office of the OSCE Economic and Environmental Co-ordinator “to address the consequences of the current financial and economic crisis in the OSCE area at the Eighteenth Annual OSCE Economic and Environmental Forum, as well as the preparatory conferences in 2010.”

The Declaration further stresses “the need for strengthened oversight and regulation of the financial system, at both the national and the international levels, to ensure greater transparency and accountability.” It also encourages participating States to invest in environmentally friendly industries and “supports further development of the energy security dialogue in the OSCE.”

II. OSCE Economic and Environmental Forum

The 18th OSCE Economic and Environmental Forum¹ took place in two segments: the first on 1-2 February 2010 in Vienna and the second on 24-26 May 2010 in Prague. It was preceded by two expert-level preparatory conferences – the first in Astana held 12-13 October 2009 and a second one in Minsk on 15-16 March 2010. Considering the issue of the Eurasian transport corridors as a priority, the Kazakh Chairmanship defined the theme of the Forum as *Promoting Good Governance at Border Crossings, Improving the Security of Land Transportation and Facilitating International Transport by Road and Rail in the OSCE Region*.²

During the First Preparatory Conference in Astana held on 12-13 October 2009, some 170 participants discussed best practices in promoting good governance at border crossings, improving land transportation security and facilitating international transport by road and rail. The OSCE Centre in Astana supported the Office of the Co-ordinator of OSCE Economic and Environmental Activities, the Ministry of Foreign Affairs and the Ministry of Transport and Communications in the organization of the conference. The Centre also facilitated the participation of representatives from Kazakh civil society and the private sector in the event.³

III. Financial Stability Board

At the London Summit of the G-20 the Financial Stability Forum (FSF) was reconstituted as the Financial Stability Board (FSB). The FSB’s new mandate includes the promotion of global financial stability and has a specific responsibility to “promote co-ordination and information exchange among authorities responsible for financial stability.” In particular, the G20 Summits

¹ The Economic and Environmental Forum is the main annual event of the OSCE’s economic and environmental activities. The event gives political impetus to dialogue in this area and contributes to recommendations and follow-up activities.

² TrendNews: “Kazakhstan’s chairmanship to OSCE may strengthen regional and global security: future OSCE Chairman-In-Office Kanat Saudabayev (interview)”, TrendNews, 1 December 2009, <http://en.trend.az/print/1590763.html>

³ OSCE Centre in Astana: Activity Report, October 2009, p. 7

last year (in London and Pittsburgh) called on the FSB to take action to promote global adherence to information exchange and supervisory co-operation standards.

The Financial Stability Board in March 2010 launched an initiative to promote the adherence of all countries to international financial standards, including by identifying non-co-operative jurisdictions and supporting them in efforts to improve their adherence. The initial focus of the initiative is on adherence to international co-operation and establishing standards on information exchange in the area of financial regulation and supervision.⁴

IV. National Initiatives / Best Practices

In its response to the questionnaire, the United Kingdom, which held the presidency of the G-20 in 2009, points to its work in driving forward the agenda on international action on tax reform, financial regulation and money laundering. The UK welcomes the establishment of the Financial Stability Board and its initiative in promoting standards on information exchange.

Canada points out that despite the financial crisis, no Canadian bank has failed and that none required bailouts from the Canadian government, which Canada attributes to “their healthy leverage ratios and general lack of exposure to toxic assets as compared to their international peers.” Canada points to its active systems of prudent and measured financial regulation, which has helped to create “one of the largest and soundest banking sectors in the world as noted by the World Economic Forum and Moody’s Investors Service.”

As chair of the G-7/G-8 and co-chair of the G-20 for 2010, Canada is urging the adoption of similar financial regulatory practices globally that have the right purposes and that are neither excessive nor arbitrary. The country actively promotes an action plan regarding the implementation of commitments made on the part of the Member States at previous G-7/G-8 and G-20 meetings to improve the international financial system and strengthen international financial regulation. Canada is also proposing that national regulatory systems be subject to international peer review in order to enhance transparency.

In January 2010 the German Bundestag adopted the implementation law to the Regulation No. 1060/2009 of the European Parliament and the Council from 16 September 2009 regarding the rating agencies. The Bundestag also dealt with regulations on stabilization of the financial state of social security system, the law on easing the sanitation of an enterprise as well as various bills for the EU on system risks of the financial market and better supervisory agencies.

The Polish Parliament has recently passed laws strengthening the supervision of financial markets with the goal of ensuring greater transparency and accountability. These regulations serve, *inter alia*, to prevent the spread of financial crisis across the Polish economy. The adoption of these regulations resulted from previous actions taken by various entities (the Government, the National Bank of Poland, the Financial Supervision Commission, the Bank

⁴ Financial Stability Board Press Release: “FSB launches initiative to promote global adherence to international cooperation and information exchange standards,” 10 March 2010, http://www.financialstabilityboard.org/press/pr_100310.pdf

Guarantee Fund, etc.) both at the national as well as international level (including the European Union).

Slovenia actively participates in procedures to establish the European system of Financial Supervisors. The country supports the establishment of the three new European supervisory agencies that will promote further integration of the European financial services market and also strengthen the co-operation of financial markets supervisors. Slovenia emphasizes the importance of doing so in order to strengthen consistent application of supervisory practices within the EU, ensure a co-ordinated response in crisis situations, establish mechanisms for the settlement of conflicts among individual national supervisors, strengthen the role of the boards of supervisors, enable transfer of supervisory tasks and facilitate co-ordination of work of the participating supervisory authorities.

The former Yugoslav Republic of Macedonia reports that its banking sector is undergoing reforms in order to conform with European standards concerning opening of banks, security and prudence, as well as supervision. Also, ongoing efforts are being made harmonize Macedonian law with EU law and with internationally recognized principles for effective banking supervision. During 2009 the Government worked to further develop regulation of the banking sector with the implementation of the Law on Banks and the bylaws in the field of banking, in order, inter alia, to promote transparency.

Since 2005, Liechtenstein has had an independent and integrated Financial Market Authority performing supervisory and regulatory functions for the financial sector. The licenses for all activities of banks, investment and insurance undertakings, as well as other financial service providers are issued by the FMA. As a member of the European Economic Area, Liechtenstein is obliged to transpose relevant EU legislation into national legislation. Accordingly, banking, insurance, securities and accounting legislation is based on the relevant EU directives.

In Turkey, the enactment of the Banking Law Nr. 5411, the regulatory and supervisory framework of the banking system has been reshaped in a more systematic way in the light of international best practices. The new Banking Law gives the Banking Regulation and Supervision Agency all the powers to regulate, enforce and ensure the implementation of the establishment, activities, management and organizational structure, merger, disintegration, change of shares and liquidation of banks and monitor and supervises enforcement of them. The agency uses its powers through regulatory transactions and specific decisions taken by its Board.

Energy Security and Co-operation

I. Vilnius Declaration, Resolutions on Energy Security and Energy Co-operation

Art. 8 of the Resolution on Energy Security urges “participating States to participate fully in the Extractive Industries Transparency Initiative.” A closely related Resolution on Energy Co-operation recommends that “the Co-ordinator of OSCE Economic and Environmental Activities and the OSCE field missions carry out activities which promote a change of culture in the OSCE

towards a global energy transformation and which support the work carried out by civil society and the independent media in this area.”

Art. 11 of this Resolution further recommends that “an OSCE conference be held, bringing together participating States and civil society stakeholders to assess progress and challenges on the path to an energy transformation and to compile best practices on the provision of information and education about renewable energies, energy efficiency and energy saving.”

II. OSCE Initiatives

OSCE Secretary General

In response to the OSCE PA’s questionnaire, OSCE Secretary General Marc Perrin de Brichambaut stated that “OCEEA has developed some ongoing activities in co-operation with the UNECE regarding the energy security dialogue, e.g. a conference on security of the energy transit in Central Asia, which will be held in Ashgabat. As an example of energy co-operation, the Energy Community Secretariat plans to participate in the next OSCE PA session, represented by its FYROM chairmanship.”⁵

OCEEA and OSCE Office in Minsk

On 7 July in Minsk, during the course of the Eastern Europe Regional Heads of Field Operations Meeting, Goran Svilanovic, Co-ordinator of OSCE Economic and Environmental Activities held informal exchanges with Belarusian officials on potential areas of co-operation. Discussions were held with Alexandr Apatsky, the First Deputy Minister for Natural Resources and Environmental Protection, and Semyon Kundas, Rector of the International Sakharov Environmental University, a partner of the Office in the introduction of best practices for renewable energies.⁶

The following day the Co-ordinator met with Valery Voronetsky, the Deputy Minister of Foreign Affairs of Belarus, and outlined the priorities of the EED for the future. Mr. Voronetsky reaffirmed the full commitment of Belarus to strengthening the Economic and Environmental Dimension in the OSCE and the wish of his country to host a regional event on the protection of critical energy infrastructures, as well as the second preparatory conference of the 18th Eastern European Forum in the spring of 2010, under the Kazakh Chairmanship.⁷

On 10 July the OSCE Office in Minsk and the Ministry of Environmental Protection and Natural Resources of Belarus (MNREP) reached an agreement on the conception and implementation of the public hearings foreseen under the Espoo Convention on Environmental Impact Assessment in a Transboundary Context, regarding the new hydropower station to be built on the Neman River near the Lithuanian border.

⁵ Secretary General OSCE, Mr. Marc Perrin de Brichambaut in his letter to OSCE PA Secretary General, Mr. Spencer Oliver, 21 January 2010.

⁶ OSCE Office in Minsk: Activity Report No. 7 (77)/2009: 1-31 July, p. 5.

⁷ *Ibid.*

The hearings, which are aimed at involving the civil societies of both countries, are planned for October 2010 as a follow-up to the institutional workshop organized jointly with the Ministry in June with Belarusian and Lithuanian experts. It is envisaged that such a process, once completed, will provide a model that can be applied in the future to new energy sites or infrastructure projects implemented near borders.⁸

OSCE Office in Tajikistan

On 10-15 July an OSCE-supported environmental summer camp was held at Romit (to the east of the capital city, Dushanbe) and attended by 110 youth participants from several Green Patrol groups. They received educational lessons in renewable sources of energy, climate change, demographic and other environmental issues and participated in educational games related to the protection of the environment. Additional events included similar camps held during this same period in the eastern Gharm district, southern Qubodion district of Khatlon province as well as the Green Patrols' Summer Camp "Our Green Home 2009" (17-25 July) near the Qayraqum town of the northern part of Sughd province. Representatives of regional and local governments, Sughd Regional Nature Protection and Education Committees, NGOs and mass media were present at the opening and closing ceremonies.⁹

OSCE Office in Baku

On 29 July the Head of the OSCE Office in Baku, Ambassador Bilge Cankorel (Turkey), discussed with the Deputy Minister for Industry and Energy, Gulmammad Javadov, the possibility of co-operating in promoting renewable sources of energy in Azerbaijan. The Head of Office outlined several proposals for organizing joint conferences and providing technical assistance in creating a legal and regulatory framework conducive to the development of renewable sources of energy in Azerbaijan.¹⁰

Chairmanship Conference on Strengthening Energy Security in the OSCE Area

On 6-7 July in Bratislava, the Greek Chairmanship organized the Conference on *Strengthening Energy Security in the OSCE Area*, in co-operation with the Ministry of Foreign Affairs of the Slovak Republic and the Office of the Co-ordinator of OSCE Economic and Environmental Activities. The event provided experts and representatives of participating States with the opportunity to discuss ways to ensure energy security, prevent tensions or even supply disruptions and foster dialogue, as well as ways to explore mutually beneficial collaboration thereby contributing to increased international co-operation.¹¹

⁸ *Ibid.*

⁹ OSCE Office in Tajikistan: Activity Report, July 2009, p. 5.

¹⁰ As reported by the OSCE Office, The Government of Azerbaijan is putting great emphasis on this topic and has adopted a *State Programme on the Use of Alternative and Renewable Energy Sources in the Azerbaijan Republic 2005-2013* and, on 10 June 2009, it joined the newly-established *International Renewable Energy Agency (IRENA)*. President Ilham Aliyev also signed a decree on the creation of a *National Renewable Energy Agency* on 16 July 2009 (OSCE Office in Baku: Activity Report No. 09/09: 1-31 July 2009, p. 3).

¹¹ OSCE web page: "OSCE meeting in Bratislava calls for strengthening co-operation on energy security", Press release, 6 July 2009, <http://www.osce.org/item/38661.html>

Eastern Europe Expert's Workshop on the Security of Energy Infrastructure

During the above-mentioned July 2009 OSCE Conference on Energy Security in Bratislava, the fields of co-operation on these different parties of the energy security chain were identified. In order to stimulate a thorough analysis of the dialogue and co-operation on energy security, it was suggested to develop this dialogue and co-operation on a regional basis, taking into account the specific situations of the concerned OSCE participating States. Having hosted several OSCE events demonstrating the Belarusian willingness to be an active partner on this field of regional cooperation, Belarus hosted a similar event on 10-11 December entitled "Eastern Europe Expert's Workshop on the Security of Energy Infrastructures." The conference focused on energy efficiency and addressed, inter alia, such topics as:

- the security of delivery through the capacity of the distribution network to deliver on due time and due quantities the energy required;
- the scope of possible disruptions considering their nature i.e., terrorist and criminal threats, technical failure, or natural/manmade disaster;
- the current economic and financial crisis and its direct consequences on the capacity to afford energy investments on the whole added value chain, including transport and distribution;
- the respective roles, in this domain, of state authorities and private companies;
- the storage capacity and the management of this capacity;
- the interoperability of the transport network (for primary and secondary energy sources).

According to the OSCE Secretary General's response to the OSCE PA's questionnaire, "a special expert meeting will be organized by the OSCE in 2010 with the aim of assessing OSCE's future contribution to international security energy co-operation."¹²

OSCE PA Fall Meetings

On 9-12 October in Athens the OSCE Parliamentary Assembly conducted its annual Fall Meetings under the theme of *Energy Security and Environment* with almost 200 members from 50 countries. Invited speakers included parliamentarians from OSCE participating States, OSCE Secretary General Marc Perrin de Brichambaut, Co-ordinator of OSCE Economic and Environmental Activities Goran Svilanovic, Director of Contract Structuring and Pricing at Gazprom Export Sergey Komlev and independent experts from Greece and Ukraine among others. In three focused sessions, Parliamentarians addressed: Regional Co-operation in Energy Security; Climate and Environmental Policy – the Road to Copenhagen; and Optimal Utilization of Natural Resources for Human Security.

III. National Initiatives / Best Practices

Iceland emphasized in its response that over 99 per cent of electricity is produced from renewable energy resources, hydro and geothermal. Over 90 per cent of Icelandic homes are

¹² Secretary General OSCE, Mr. Marc Perrin de Brichambaut in his letter to OSCE PA Secretary General, Mr. Spencer Oliver, 21 January 2010.

heated with natural geothermal water and around 10% uses green electricity. In the transport sector, which relies on fossil fuel, emphasis has been placed on increasing renewable and environmental friendly fuel as well as the use of green electricity in that sector. As Iceland is a member of the European Economic Area, the Ministry of Industry participates in the EEA-EFTA group on Energy. The Ministry also participate in Nordic and Baltic energy co-operation on energy.

Turkey has developed projects to secure the flow of gas and oil resources through various routes, notably the East-West Energy Corridor, which transports the Caucasian and Central Asian energy resources to the Western markets. The second component of this corridor, the Baku-Tbilisi-Erzurum natural gas pipeline, was completed in 2007, while a Turkish-Greek Gas Interconnector has become operational on November 2007. Turkey also supports the Nabucco natural gas pipeline project. The Baku-Tbilisi-Ceyhan pipeline became operational in 2006 and the realization of the Samsun-Ceyhan bypass oil pipeline is currently under consideration.

In 2009, Canada and the United States held their first Clean Energy Dialogue (CED) Roundtable meeting, which seeks to co-ordinate clean energy research, technology, development and deployment. In August 2009, Canada also attended the North American Leaders' Summit, at which it discussed with Mexico and the United States the importance of a North American approach to climate change. They agreed to collaborate on climate friendly and low-carbon technologies, including building a smart grid in North America for more efficient and reliable electricity inter-connections, as well as regional cooperation on carbon capture and storage. A Trilateral Working Plan is to be developed and would serve as the basis for a progress report to be submitted at the North American Leaders Summit in 2010.

At the European Union level, the Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 establishes a common framework for the use of energy from renewable sources. Member States are also encouraged to set up joint project initiatives.

In Hungary, the Renewable Energy Strategy for 2007-2020 targets an increase of renewable energy production by 15 per cent by 2020. This strategy encourages the decentralized energy production, the cogeneration of heat and power and the establishment of small power stations utilizing renewable sources locally. New investments in the field of biomass, wind, solar and geothermal energy are also forecast.

In Lithuania, the Draft Law on Renewable Energy Resources (No XIP-1749) has been submitted to the Seimas. It establishes a general system to encourage the use of renewable energy resources. The Ministry of Agriculture supports the biofuel crop production through the Rural Development Programme 2007-2013, while the European Agricultural Fund for Rural Development provides funding for the installation of biofuel, biogas, and small-scale wind power plants, as well as hydro and geothermal power plants and solar panels. Other priorities are the power interconnections with Sweden and Poland, the synchronous interconnection with the Continental Europe grid, the creation of a new nuclear power plant and the necessity to ensure alternative routes for gas supply.

In the Czech Republic, projects in the field of gas storage capacities were initiated in 2009. Three new gas reservoirs will be constructed and two will be enlarged, while other possible locations will be subjected to exploration and plans for further enlargement. There are also two projects of building new gas pipelines in progress to connect Czech/Polish and Czech/German infrastructures.

In Slovenia, a new support scheme for the production of electric energy from renewable energy sources and co-production of heat and electric energy was adopted in 2009. Slovenia plans to prepare a new Energy Act by the end of 2010 to transpose the provisions of the new EU legislative acts. Slovenia received 40 million euros from the European Economic Recovery Plan to upgrade the Austrian border Vodice pipeline. In 2009, an Agreement on the Construction of the South Stream Pipeline was signed with the Russian Federation. Slovenia also supports the Nabucco Pipeline Project and the construction of a LNG terminal in Croatia. Hungary and Slovenia have signed a Memorandum of Understanding to examine the possibility of an interconnection of gas transmission systems. Slovenia has also acceded to the Central Eastern European Forum for Electricity Market Integration.

Belgium, Denmark, France, Germany, Ireland, Luxembourg, Sweden, the Netherlands, and the United Kingdom signed on 7 December 2009 a Political declaration on the North Seas Countries Offshore Grid Initiative, which aims at increasing and co-ordinating the offshore wind and infrastructure developments in the North Seas.

In Poland, the Council of Ministers adopted in November 2009 the Energy Policy until 2030, which plans to diversify the sources and directions of the supplies of natural gas, crude oil and electricity, notably through nuclear power engineering. In April 2009, the Sejm passed an act that will enable the construction of a liquid gas terminal at Świnoujście. The development of the national transmission system and the construction of the cross-border connections would also permit Poland to receive gas from Denmark, Germany and the Czech Republic. There is also a project to build an oil pipeline connecting Odesa, Brody, Płock and Gdańsk and a project to erect an electricity grid interconnection between Poland and Lithuania.

The United Kingdom supports the creation of the Southern Corridor, which would bring gas from Central Asia through Turkey to the European Union. The United Kingdom has also supported the European Union work to re-invigorate relations in the Mediterranean region with a view to encourage investment in production of gas and renewable electricity and increase energy trade between the two regions. The UK works closely with the International Energy Agency, the International Renewable Energy Agency and the *Renewable Energy and Energy Efficiency Partnership* to promote low-carbon technologies, use of renewables and increased energy efficiency, with a view to diversifying energy sources.

Italy aims for reducing its energy dependence through the diversification of sources and supplies, the improvement of gas pipeline capacity and storage within the EU States, the development of new connections with non-EU states and the settlement of new LNG terminals. The Government is also localizing nuclear power plants and radioactive waste storage systems. In February 2009, Italy and France signed an Agreement on nuclear energy. With regard to the development of gas pipeline system and further improvement of gas pipeline capacity and storage, ongoing projects

are the Gas pipeline Algeria-Sardinia-Italy (GALSI), the Greenstream (Libyan Gas Transmission System – LGTS), the Interconnection Turkey – Greece – Italy (ITGI), the South Stream, the Trans-Austria gas pipeline (TAG), the Trans Adriatic Pipeline, and the Tunisia–Algeria–Italy gas pipeline. LNG Terminals are expected to be settled in Livorno, Brindisi, Trieste and Priolo (Siracusa).

Monaco has developed several renewable energy production structures that do not produce greenhouse emissions. Heat pumps produce 17 per cent of the energy consumed in the Principality, while solar thermal collectors are also built. Other renewable sources of energy are currently under study such as solar energy and geothermal energy.

In San Marino, a Decree on incentives encouraging the purchase and installation of systems producing energy from renewable sources and a Decree on the transfer of electrical energy produced by systems functioning by using renewable energies were adopted in June 2009.

In Switzerland, the Federal Council decided on 21 February 2007 the reorientation of the Swiss energy policy to close energy gaps and to address climate change. The strategy is made up of four pillars 1) increased efforts in energy efficiency, 2) develop the potential of renewable energies 3) extension of infrastructure including the construction of large power stations, and 4) strengthening international co-operation in the energy sector with the main objectives of supply security, economic efficiency and environmental compatibility.

The former Yugoslav Republic of Macedonia is currently developing infrastructure and energy projects. This includes the installation, modernization or rehabilitation of small and large hydropower plants, a feasibility study on further gas pipelines development, and energy interconnections with neighboring countries. The construction of a 400 kV interconnection line with Serbia is on the agenda, while another interconnection with Albania and the upgrade of an existing line from 200 kV to 400 kV with Kosovo are under consideration. The former Yugoslav Republic of Macedonia has also signed in March 2009 the Memorandum for understanding on the implementation of common procedures for congestion management methods and establishment of a coordinated auction office among transmission/independent system operators in South East Europe.

Climate Change

I. Vilnius Declaration, Resolution on Climate Change

The Vilnius Declaration includes a resolution recognizing climate change as a “common security problem that requires global co-operation to be solved” and further called on “countries and governments to work specifically to reach an ambitious international agreement on climate in Copenhagen at the COP 15.” Art. 10 of the Resolution calls for “the agreement to contain binding targets for the reduction of greenhouse gases in the short and long term to ensure that the global increase of temperature stays below 2° Celsius.” The Resolution also calls on “OSCE

participating States that have not yet signed the Kyoto Protocol to sign and ratify the protocol as soon as possible.”

II. OSCE Initiatives

At the request of UN Secretary General Ban Ki-moon, who asked the OSCE to contribute to a comprehensive analysis about possible security implications of climate change, the Greek Chairmanship, the Romanian Government and the Office of the Co-ordinator of OSCE EEA jointly organized the Chairmanship Conference on Security Implications of Climate Change in the OSCE region.¹³

The Conference, which took place on 5-6 October 2009 in Bucharest, gathered experts and representatives of OSCE participating States, international organizations and institutions in order to discuss ways that climate change may impact security in the OSCE area. The issue of energy security and climate change was discussed, inter alia, with special attention given to the UN report on the possible security implications of climate change, which was presented at the 64th session of the General Assembly in September 2009.¹⁴

OSCE PA Engagement

Since the Annual Session, the Assembly has continued to serve as an important international forum when it comes to addressing climate change, with substantive discussion at the Fall Meetings in Athens on 9-12 October, devoted to the subject.

During the second session of the Fall Meetings, Vice-Presidents Benjamin Cardin (United States) and Pia Christmas-Moeller (Denmark) called for decisive action to be taken at the COP 15, with Ms. Christmas-Moeller pointing out that elected parliamentarians have a special responsibility. “We are all elected to take leadership on behalf of our peoples/nations,” she said. Senator Cardin in his speech referred to a World Bank study which “estimates it will cost up to 100 billion U.S. dollars for developing countries to adapt to a two-degree warmer climate between now and 2050.”¹⁵

Mr. Cardin highlighted the security-related effects of climate change, particularly underlining that more frequent drought leading to crop failures can cause food scarcity and conflict in places where people already struggle to cope. He also touched upon the connection between investing in green technologies and economic recovery. During the discussion period, several Members pointed out the burden of distribution between developed countries and the developing world.

¹³ Chairmanship’s conference “Security Implications of Climate Change in the OSCE region” (Bucharest, 5-6 October 2009), background note, CIO.GAL/122/09, 15 September 2009, http://www.osce.org/documents/eea/2009/09/39572_en.pdf

¹⁴ *Ibid.*

¹⁵ Statement by Senator Benjamin Cardin at the OSCE PA Fall Meetings Athens, Greece, 9 October 2009, <http://www.oscepa.org/images/stories/documents/activities/3.Fall%20Meetings/2009-Athens/SpeechCardinAthens091009.pdf>

While the developed world must take the lead in addressing climate change, Members pointed out, developing countries should seek to develop environmentally friendly technologies.

On the eve of the COP 15 summit in December, President Joao Soares called on members of the OSCE Parliamentary Assembly to take decisive action in reducing carbon emissions. “We all have to use our influence on our respective Parliaments and show our Governments that we are committed to this issue,” he said in a statement posted on the Assembly’s website. “Together, the 56 participating States of the OSCE have considerable influence that can positively impact the Copenhagen conference. We have among us some of the main fossil fuel producers and consumers.”¹⁶

III. COP 15

The 2009 United Nations Climate Change Conference, held in Copenhagen from 7 to 18 December 2009, included the 15th Conference of the Parties (COP 15) to the United Nations Framework Convention on Climate Change and the fifth Meeting of the Parties (COP/MOP 5) to the Kyoto Protocol.¹⁷ The primary goal was to establish a global climate agreement for the period beginning in 2012, which is when the first commitment period under the Kyoto Protocol is due to expire. During the closing session of the Conference, a non-binding agreement dubbed the Copenhagen Accord drawn up by a limited group of countries was “taken note” of by the Conference of the Parties.¹⁸

IV. National Initiatives / Best Practices

Iceland is party to the Kyoto Protocol and expects its emissions to be within its limits. The Government adopted a national climate change strategy in 2007, which outlines a number of actions to be taken in seven key sectors. In 2009, an expert group commissioned by the Ministry for the Environment published a study on the mitigation potential and cost of different actions to mitigate climate change. On the basis of this study, a new body was established to produce a practical action plan to increase mitigation activities in the post-2012 climate regime. A draft action plan was published in December 2009, outlining eight key actions in the fields of transport, fisheries, forestry and revegetation, as well as economy-wide measures. Iceland introduced a carbon tax in 2009 and is party to the EU Emission Trading Scheme. A finalized climate action plan is due in May 2010.

¹⁶ Statement by President Soares on Climate Change, posted on the OSCE PA’s website, http://www.oscepa.org/index.php?option=com_content&view=article&id=753:statement-by-president-soares-on-climate-change&catid=66:Presidential%20Activities&Itemid=97

¹⁷ The United Nations Climate Change Conference in Copenhagen, 7 - 19 December 2009, accessed online: 4 June 2010. http://unfccc.int/meetings/cop_15/items/5257.php

¹⁸ Copenhagen Accord, United Nations Climate Change Conference, 18 December 2009, http://www.denmark.dk/NR/rdonlyres/C41B62AB-4688-4ACE-BB7B-F6D2C8AAEC20/0/copenhagen_accord.pdf

In the Czech Republic, the 2004 National Programme to Abate the Impacts of Climate Change pursues the impacts of climate change on the different sectors and defines a national strategy leading towards a mitigation of the negative impacts. The Programme will be updated during the second half of 2010 by a new Climate Protection Policy, which will include the current protection strategy and proposed measures for greenhouse gas emission reduction.

The Estonian Parliament adopted an energy sector development plan and an electricity sector development plan in 2009. Along with the energy conservation programme and the housing development plan adopted in 2007, they have created a comprehensive plan for the continued decrease of greenhouse gases in Estonia.

Italy approved the decision on the assignment of emission quotes from 2008 to 2012. The Finance Act 2007 established a 600 million EUR revolving fund to finance measures to reduce emissions of greenhouse gases over three years, while the Finance Act 2008 provided measures aimed at monitoring the implementation of the Kyoto Protocol and certifying the effective cut of gas emissions in building.

Hungary has adopted a National Climate Change Strategy for the period of 2008-2025 and developed Climate Change Programmes, which focus on the reduction of domestic greenhouse gas emissions, the adaptation to the impacts of climate change and awareness raising. Hungary is also working on the implementation of several European regulations and prepares national programmes (e.g. National Environmental Protection Programme), strategies (e.g. Renewable Energy Strategy) and action plans (e.g. Energy Efficiency Action Plan).

Slovenia ratified the Kyoto Protocol in 2002 and adopted the Operational Programme for the Reduction of Greenhouse Gas Emissions by 2012 in July 2003, which was updated in 2009. It has introduced measures for more efficient use of energy, promotion of renewable energy sources including biofuels, promotion of co-production of heat and electric energy, thermal insulation of construction materials and measures for the increase of the energy characteristics of buildings.

France has adopted in July 2009 the Law on the “Grenelle de l’environnement,” which lists several measures in various sectors to protect environment, fight against climate change and secure sustainable development. A programme of thermal building renovation is planned to reduce the energy consumption by 30 per cent by 2020. In the transport sector, the objective is to reduce the greenhouse gas emissions by 20 per cent by 2020 and to cut down the share of hydrocarbons by promoting rail freight and collective transport. At least 23 per cent of energy should be renewable. Actions to maintain and enhance biodiversity will be taken and the use of phosphates will be prohibited as of 2012.

In Sweden a new climate policy decision¹⁹ was adopted by the Riksdag in June 2009. Energy and carbon dioxide taxes on fossil fuels have contributed to reduce emissions in the residential and service sectors and in the district heating sector, as well as to curb the growth of emissions in the transport sector. The production of more energy-efficient vehicles and the introduction of biofuels have also been promoted. Sweden has granted appropriations for international climate

¹⁹Government Bill 2008/09:162, Committee Report 2008/09:MJU28.

change interventions in the Clean Development Mechanism and the Joint Implementation, and is taking part in five multinational funds.²⁰

Lithuanian climate policy includes the development of nuclear energy (construction of a new nuclear power plant), the promotion of renewable energy sources, the increase of energy generation, transportation, and efficiency, as well as the reduction of greenhouse gases. A Programme for the Development of Recycling of Secondary Raw Materials is also under development.

In November 2009 Poland adopted the Energy Policy until 2030, under which priority is given to increased energy effectiveness, improved security of fuel and energy supplies, diversification of the electricity generation structure through nuclear power engineering, wider use of renewable energy sources, development of competitive fuel and energy markets and lessening the environmental effects of the power industry. The Polish Government also supports the establishment of the so-called Green Fund, a global fund that would fight climate change.

In Norway, in addition to domestic measures to reduce greenhouse gas emissions, such as incentives to increase the use of electric cars, the Parliament has authorized the Government to trade in the international market for carbon credits through the Clean Development Mechanism and Joint Implementation. Norway pledged up to 820 million EUR before 2015 to the Amazon fund, which aims at reducing deforestation in the Amazon region, and funding is also provided to UNs efforts for Reduced Emissions for Deforestation and Degradation.

The United Kingdom published a Low Carbon Transition Plan in July 2009. It also provides assistance to developing countries by funding and sending experts, for instance in South Africa and South Arabia.

Belgium intends to introduce a Federal Climate Plan, which includes a large range of policies and measures in a long-term strategy. Among the measures planned are the development of offshore wind turbines, the use of biofuels, as well as the gradual introduction of a carbon price signal in sectors not covered by the European Union Emission Trading System.

In Germany, the Bundestag discussed the topic of combating climate change on 2 December 2009. The discussion included consideration of the law amending the Federal Pollution Control Act. This initiative aims to reduce the climate-damaging CO₂ emissions by setting a minimum efficiency grades for coal and gas power plants with an aim to improve the energy efficiency of the new permits and existing sites. The consultations on the law have not been finished yet. In Luxembourg, a National Plan for Sustainable Development is currently being developed by the Ministry for Sustainable Development and Infrastructure.

Canada's commitment is to ensure that 90 per cent of electricity will be provided by non-carbon emitting sources by 2020. Since September 2009, the government has collaborated on Canada's energy future through roundtables with key stakeholders. A carbon capture and storage project is under development, while funding will be provided to the Biofuels program. Canada has

²⁰The Testing Ground Facility, the Prototype Carbon Fund, the Asia Pacific Carbon Fund, the Future Carbon Fund and the Multilateral Carbon Credit Fund.

collaborated with the United States under the Clean Energy Dialogue and has participated in the Global Partnership launched by Leaders of the Major Economies Forum and the Global Research Alliance on Agricultural Greenhouse Gases.

Turkey became party to the UN Framework Convention on Climate Change in 2004 and to the Kyoto Protocol in 2009. Certain measures have been taken under the renewable energy and energy efficiency legislations, while a National Climate Strategy has also been prepared and a Climate Change Department established at the Ministry of Environment and Forestry. Turkey encourages increased use of hydro, wind, solar and geothermal powers and increases its sink areas by forestation actions and deforestation controls. Turkey has also been involved in the Voluntary Carbon Markets since 2007 and has participated in more than 50 voluntary offset projects in accordance with the Gold Standard.

San Marino ratified the Kyoto Protocol to the United Nations Framework Convention to Climate Change on 28 January 2010, as well as the Vienna Convention for the protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer in March 2009. In Andorra, the Convention for the Protection of the Ozone Layer came into effect on 26 April 2009, while the UN Convention on Climate Change is expected to be ratified by the end of the year. The Government has also approved a strategy for monitoring, communication and air protection for the period 2006-2010, and a network, which enables to monitor the emission levels, to follow the evolution over time and to propose necessary measures to solve the problems caused by air pollution has been established.

Liechtenstein ratified the Climate Convention on 22 June 1994 and the Kyoto Protocol on 3 December 2004. The national climate policy stems from the Emissions Trading Act (LGBl. 2008 Nr. 10) and the CO₂ Act (LGBl. 2010 No. 19), which introduced a levy on the consumption of fossil fuel and is part of “The Bilateral Agreement between the Principality of Liechtenstein and the Swiss Confederation on Environmental Levies within the Principality of Liechtenstein.”

Monaco has implemented an Energy-Climate Plan to reduce greenhouse gas emissions and energy consumption as well as to develop renewable energy sources. The use of solar energy is encouraged, while an energy auditing ensures that new public buildings are constructed according to the High Quality Environmental Standard. Monaco has also set up environmentally friendly policies, as the use of biodiesel by the Monaco Bus Company or incentive tariffs for public transportation and subsidies for people buying electric vehicles. Ten percent of vehicles used by public administration are electric. A sustainable management system for urban waste has also been implemented.

Tax Havens

I. Vilnius Declaration, Resolution on Tax Havens

Recognizing the damage caused by tax havens to economies across the OSCE area, the Vilnius Declaration calls on participating States to establish common criteria for defining an

unco-operative jurisdiction and recommends that participating States establish measures aimed at obtaining complete transparency in un-co-operative jurisdictions and the eventual abolition of tax havens.

II. National Initiatives / Best Practices

Belgium has put in place a framework aimed at imposing the OECD standard for the banking information exchange. This provides the possibility to take measures against the use of tax havens by person liable for income tax in Belgium. It also introduces the requirement to report transactions with non-cooperative countries and reverses the burden of proof regarding the deductibility of payments made to companies located in these countries. A special department to fight against the improper use of tax havens will be created to co-ordinate the actions of the administration.

Andorra has signed 17 agreements²¹ on exchange of information on tax matters since September 2009. The Government has also prepared a new fiscal framework currently submitted to the Parliament's consideration. Its approval will allow the opening of negotiations on non-double taxation agreements. The Norwegian Parliament ratified in 2009 several bilateral agreements regarding tax havens²² aimed at the exchange of tax related information and increased transparency in financial transactions.

In Canada, the 2009 Budget Implementation Act (C-10) amended a number of laws governing federal financial institutions. It provides the Minister of Finance with increased authority in order to promote financial stability and maintain efficient and well-functioning markets. In its 2010 Budget and the accompanying Budget Implementation Act (C-9), the Canadian government proposes to strengthen the financial sector by creating a single national securities regulator. It will also confer on the Governor in Council the power to make regulations that limit or prohibit certain financial transactions. At the international level, Canada signed a Tax Information Exchange Agreement with the Netherlands concerning Netherlands Antilles in August 2009 and is negotiating an additional 15 TIEAs.²³

In spring 2010 the Estonian Ministry of Finance sent out for approval a Bill, which transposes the amendments to the EU banking directive into the Estonian legislation. In addition, the Financial Supervision Authority, the Police and Border Board and the Office of the Prosecutor General updated in September 2009 a trilateral agreement on money laundering, off-shore banking and tax havens. This agreement focused on the strengthened oversight and the regulation

²¹ With Austria (17/09/09), Liechtenstein (18/09/09), Monaco (18/09/09), France (21/09/09), San Marino (21/09/09), Belgium (23/10/09), Argentina (26/10/09), the Netherlands (06/11/09), Portugal (30/11/09), Spain (14/01/10), Denmark (24/02/10), Iceland (24/02/10), Faroe Islands (24/02/10), Finland (24/02/10), Greenland (24/02/10), Norway (24/02/10), Sweden (24/02/10).

²² Cayman Island, British Virgin Island, Bermuda, and Jersey.

²³ With Anguilla, Aruba, Bahamas, Bahrain, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Guernsey, Isle of Man, Jersey, Saint Kitts and Nevis, Saint Lucia and Turks and Caicos Islands, the British Virgin Islands, the Isle of Man and Jersey.

of the financial system at national and international levels, to ensure greater transparency and accountability.

The French Government presented in December 2009 a draft law on banking and finance regulations, which will be under the consideration of the parliament in 2010. The bill introduces the colleges of supervisors and a control of the rating agencies entrusted to the Financial Market Authority. The latter holds new emergency powers and can take indisputable measures in times of crisis. The establishment of a Council on financial regulation and systemic risk, similar to the international Financial Stability Board and the European Systemic Risk Council is also planned.

The draft supplementary budget for 2009 proposes the taxation of the amount paid and the dividends received from tax havens, a limit to the corporate tax deductions, and an obligation for companies to document their transfer prices. It provides France with its own list of tax havens. French companies established in the listed countries will be more taxed. The text also introduces new rules on professional secrecy to fight against the underground economy. Tax officials will be allowed to spontaneously communicate information to the police department and a judicial fiscal inquiry procedure, which provides the tax administration with police powers, is established.

In Italy, the Finance Act 2008 established how to identify States that have a fiscal regime conformed to proper standards of legality and transparency. The access to regimes that can facilitate the disparity of treatment is submitted to strict verification.

In 2009, the former Yugoslav Republic of Macedonia worked on the development of the regulation of the banking sector with the implementation of the Law on Banks and the bylaws in the field of banking to rise, among others, the level of transparency and the prevention against money laundering and financial terrorism. In order to develop further international co-operation, the former Yugoslav Republic of Macedonia is also taking steps to enlarge the network of agreements for avoiding double taxation and protection from fiscal evasion.

The German Bundestag adopted in January 2010 the implementation Law to the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 regarding the rating agencies. The Bundestag also dealt with regulations on stabilization of the financial state of social security system, the law on easing the sanitation of an enterprise as well as various bills on system risks of the financial market and better supervisory agencies.

The Liechtenstein Declaration of 12 March 2009 recognizes the OECD tax co-operation standard as binding worldwide. The Parliament has adopted the Tax Information Exchange Agreement concluded with the United States in December 2008. The Government has also signed TIEAs or double taxation agreements with Germany, the United Kingdom and several other States.

The Seimas of the Republic of Lithuania adopted on 10 December 2009 the Law on Amending Articles 2 and 4 and Supplementing the Annex of the Law on Prevention of Money Laundering and Terrorist Financing. Under this Law, the Bank of Lithuania is obliged to approve instructions for credit and financial institutions aimed at the prevention of money laundering and/or terrorist

financing, to supervise the activities of credit and financial institutions related to the prevention of money laundering and/or terrorist financing, and to consult credit and financial institutions.

Regarding tax havens, taxation laws²⁴ provide the mechanisms aimed at limiting the tax-payers' opportunities for making use of tax-exempt companies registered or people residing in low or zero tax jurisdictions. A List of Target Territories, which includes states and zones internationally considered as tax havens, was approved by the Order No 344 of 22 December 2001 of the Minister of Finance.

Luxembourg has approved a series of Conventions on the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital gains. The Law of 29 May 2009 amending the Law of 5 April 1993 on financial sector improves the deposit guarantee systems. A bill amending the Law of 9 May 2006 on market abuses and transposing the Directive 2003/6/CE of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation has been submitted to the Parliament.

Monaco was withdrawn from the OECD list of "noncooperative" countries in terms of provision of tax information on 24 September 2009. Fourteen agreements of exchange of information have been signed by the Principality and its Finance Intelligence Unit (FIU) has concluded information exchange agreements with 29 foreign FIUs.

In August 2009, Monaco passed Act 1.362 on the fight against money laundering, terrorist financing and corruption and promulgated Sovereign Order 2.318 setting the conditions for application of Act 1.362. Those legislative measures enhanced Monaco's legal and regulatory framework adopting the various recommendations set out in the Action Plan prepared by the Council of Europe's MONEYVAL Committee.

The Polish Parliament has passed laws aimed at preventing the spread of negative effects of the global financial crisis over the Polish economy and stabilizing the operating conditions for financial market participants. The Finance Minister makes a list of the countries and territories that engage in unfair tax competition, primarily, on the basis of the relevant OECD findings. To prevent transactions with these countries, special obligations on taxpayers have been imposed, notably the presentation of documents regarding certain transactions.

San Marino has adapted its legislation to international conventions and standards to prevent and avoid money laundering and funding of terrorism, by Law n°73 of 19 June 2009. San Marino has also signed 23 Conventions on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Tax Information Exchange Agreements.

Slovenia will implement the EU Capital Requirement Directives II with the Act Amending the Banking Act in 2010. There are currently three lists categorizing countries according to their commitment to respect standards on transparency and exchange of information for tax purposes: the List of Uncooperative Countries, the List of Countries which have committed to standards of transparency and exchange information for tax purposes but have not implemented these standards to a sufficient extent, and the List of Countries which have committed to standards of

²⁴ Law on Corporate Income Tax and Law on Personal Income Tax

transparency and exchange information for tax purposes and have adequately implemented these standards into their domestic legal order.

In Turkey, a provision in the domestic tax law authorizes the Government to identify a list of countries which lack taxation capacity and exchange of information instruments. Less favorable rates and measures²⁵ can be applied to them. Turkey has also been negotiating with these countries to conclude Tax Information Exchange Agreements. In the Czech Republic, a legislative motion which strived to toughen up the conditions for joint stock companies was on the agenda, but has not been passed yet and is unlikely to be approved.

Switzerland emphasizes that the OECD is responsible for the treatment of this subject rather than the OSCE. It must be ensured, Switzerland emphasizes, that there is no second organization to further pressure countries regarding tax havens. The Swiss delegation in Vienna will follow the further discussion within the OSCE and confront when needed unwelcome proposals from other participating States.

Free Trade

I. Vilnius Declaration, Resolutions on Mediterranean Free Trade and the European Union's Seal Products Ban

The Vilnius Declaration's Resolution on Mediterranean Free Trade calls for the creation of a free trade zone that is meant to substantively contribute to development and security efforts throughout the Mediterranean region. The Resolution also reiterates various calls in the 2008 Astana Declaration that deal specifically with the rapid reduction of trade barriers between the OSCE and the Mediterranean region, as well as facilitation of transition to a knowledge-based economy for Mediterranean countries.

The Resolution on the European Union Seal Products Ban calls upon the governments of the OSCE participating States to meet their full commitments with respect to international obligations regarding trade liberalization and calls for lifting barriers to trade, specifically the European Union's ban on seal products. While hailing the work of the international community in establishing best practices in sealing, the resolution highlights the right of indigenous peoples to have access to opportunities that provide for economic advancement.

II. International Developments

EU-WTO Consultations

The seal trade resolution was passed as a response to EC Regulation Number 1007/2009 which

²⁵ The tax rate for the remittances to such countries from Turkey is 30 per cent. However, the Council of Ministers is authorized to decrease the rate to zero (0) or increase it to 30 per cent.

deals with trade in seal products within the European Union.²⁶ The regulation imposes a near total ban on seal products that do not originate from within the EU, and at the same time restricts the market for seal products to those that result from “traditional hunts.”²⁷ This regulation inhibits access to the European Market to such a degree that some OSCE participating States have sought redress within the framework of the World Trade Organization (WTO).

On 4 November 2009 Canada filed a formal request for consultations with the WTO based on the grounds that the EC Regulation is inconsistent with the European Community’s obligations under the 1994 General Agreement on Tariffs and Trade (GATT).²⁸ On 18 November 2009 Iceland formally requested to join the consultations²⁹ as trade issues pertaining to seal and marine products are of particular relevance to Iceland’s economy. A separate request for consultations was filed by Norway on 10 November 2009³⁰ with requests to join consultations from Iceland and Canada on 18 November 2009³¹ and 24 November 2009³² respectively.

Euromed Trade Ministerial Conference

At the eighth Euromed Trade Ministerial Conference, held in Brussels on 9 December 2009, ministers discussed the global economic situation in relation to challenges posed to all countries in the Euro-Mediterranean region. Ministers expressed their support to the commitment taken at the G-20 summits to avoid economic nationalist measures and stressed the importance of remaining committed to a common regulatory framework based on transparency across the Euro-Mediterranean region in order to encourage trade and economic growth.

Ministers also expressed their determination to conclude negotiations on the Doha Development Agenda, affirming their commitment to reach an ambitious, comprehensive and balanced agreement. In this context, Ministers emphasized the importance of Southern Mediterranean partners acceding to the WTO. Further, Euromed Ministers discussed the establishment of a Euromed Free Trade Area at the end of 2010. Welcoming the progress made in the implementation of Euro-Mediterranean Association Agreements between the EU and Southern

²⁶ “Regulation (EC) No 1007/2009 of the European Parliament,” Official Journal of the European Union, 31 October 2009. Accessed Online: 1 June 2010. http://ec.europa.eu/food/animal/welfare/trade_seals_products.pdf

²⁷ “MEPs adopt strict conditions for the placing on the market of seal products in the European Union,” European Parliament: Press Release, 5 May 2009. Accessed Online: 1 June 2010. <http://www.europarl.europa.eu/sides/getDoc.do?language=EN&type=IM-PRESS&reference=20090504IPR54952>

²⁸ “European Communities- Measures Prohibiting the Importation and Marketing of Seal Products: Request for Consultations by Canada,” World Trade Organization: WT/DS400/1, 4 November 2009.

²⁹ “European Communities- Measures Prohibiting the Importation and Marketing of Seal Products: Request to Join Consultations Communication from Iceland,” World Trade Organization: WT/DS400/2, 18 November 2009.

³⁰ “European Communities- Measures Prohibiting the Importation and Marketing of Seal Products: Request for Consultations by Norway,” World Trade Organization: WT/DS401/1, 10 November 2009.

³¹ “European Communities- Measures Prohibiting the Importation and Marketing of Seal Products: Request to Join Consultations Communication from Iceland,” World Trade Organization: WT/DS401/2, 18 November 2009.

³² “European Communities- Measures Prohibiting the Importation and Marketing of Seal Products: Request to Join Consultations Communication from Canada,” World Trade Organization: WT/DS401/3, 24 November 2009.

Mediterranean partners, the Ministers encouraged the rapid conclusion of the free trade agreement with Syria so as to complete the network of Association Agreements.³³

III. National Initiatives / Best Practices

In their responses, participating States of the OSCE highlighted the limited leeway in deciding how a country can do by its own and the necessity to work together in the international structures and fora to encourage free trade and avoid protectionism.

The United Kingdom organized in 2009 the G20 Summit in London. One of the major issues of this Summit was to discourage countries from raising barriers or imposing new barriers in the investment or trade of goods and services.

At the European Union level, the EU institutions and the 27 Member States are both involved in the strengthening of the internal market and the conclusions of the negotiations on bilateral free trade agreements between EU and other areas and countries. Sweden, which held the presidency of the EU in the second half of 2009, worked to promote open markets with free trade and reduce protectionism. Negotiations on free trade agreements between the EU and South Korea successfully ended, while agreements with India, Ukraine, Central America, the Gulf States and the Andean community were placed on the agenda.

In 2009, Canada ratified free trade agreements with Peru and the European Free Trade Association. It submitted to Parliament for ratification free trade agreements with Colombia³⁴ and Jordan. The latter was signed on 28 June 2009. Negotiations for a free trade agreement with Panama were concluded in August 2009 while negotiations for a comprehensive economic and trade agreement with the European Union were launched in May 2009. Canada also launched exploratory discussions towards possible free trade agreements with India, Morocco and Ukraine. Moreover, a twelfth round of negotiations on a free trade agreement between Canada and the Central American 4 (El Salvador, Guatemala, Honduras and Nicaragua) took place in Ottawa in March 2010.

In its 2010 Budget, the Canadian government announced that it would unilaterally eliminate all remaining tariffs on manufacturing inputs and machinery and equipment, making Canada a tariff-free zone for manufacturers.

Slovenia noted the interconnectedness of the global economy in their national response and pointed out the importance of adhering to international regulations regarding trade. As a result of honouring international commitments only seal products harvested in accordance with international regulations for best practices may be placed on the market in Slovenia.

³³ “Conclusions from the 8th Euromed Trade Ministerial Conference held in Brussels on 9 December 2009,” http://www.europa-eu-un.org/articles/en/article_9301_en.htm

³⁴ implementing legislation died on the order paper when Parliament prorogued 30 December 2009 and was re-introduced in the current parliamentary session on 10 March 2010.

Water Management

I. Vilnius Declaration, Resolution on Water Management in the OSCE Area

Regarding Water Management, the Vilnius Declaration pledges that the OSCE will “express support for the ongoing work and commitment of the Office of the Co-ordinator of OSCE Economic and Environmental Activities in raising awareness of water management challenges and promoting opportunities for participating States to exchange best practices.” The Resolution also “encourages the decision-making bodies of the OSCE to continue to set a direction on water management challenges.”

II. OSCE Initiatives

OSCE Centre in Bishkek

As part of a project on building awareness of water conflict management in transboundary regions, the OSCE Centre in Bishkek, the Rural Development Fund and the Public Foundation CAMP Ala Too organized a training session designed to prepare mediators to be able to work in villages in order to raise awareness of water-related conflicts and methods of resolution.³⁵ The training session took place in Bishkek from 24 to 28 August 2009. The Centre and the Women’s Political Discussion Club, an informal group of female representatives of political parties, NGOs and mass media, organized a roundtable discussion, on 30 September, to share their views on water and energy problems in Kyrgyzstan. Recommendations were elaborated and forwarded to relevant authorities.

On 27 November, the Centre in Bishkek and the public foundation Bilek organized a roundtable on cross-border water issues in Jany-Jer (Batken province).³⁶ The results of an OSCE-supported project on addressing cross-border water difficulties in the Batken province and the sustainability strategy of the Aikol water users’ association and future action plans were discussed. The event was attended by local governments, water users’ associations, state water stations and farmers from Kyrgyzstan and Tajikistan.

Office of the Co-ordinator of the OSCE Economic and Environmental Activities / OSCE Centre in Bishkek / Chu and Talas Commission

On 6 October 2009, OSCE officials provided support and guidance during a meeting of the Chu and Talas Commission that gathered government officials and experts from Kazakhstan and Kyrgyzstan as well as representatives from other international organizations and focused on

³⁵ Training for mediators in water conflict management, OSCE Centre in Bishkek Event, <http://www.osce.org/item/37965.html>

³⁶ Roundtable on cross-border water issues, OSCE Centre in Bishkek Event, 27 November 2009, <http://www.osce.org/item/41191.html>

progress under an agreement to share the water from trans-boundary rivers.³⁷ Participants of the meeting discussed what had been done since the last meeting, held in Bishkek in February 2009, forthcoming activities and a possible update to the 2000 bilateral agreement on water sharing.

OSCE Office in Tajikistan

On 17 December 2009, the OSCE Office in Tajikistan handed over to the Ministry of Land Reclamation and Water Resources a special software package developed for the establishment of the electronic Water Code.³⁸ This OSCE-supported project aims to assist Tajikistan in establishing a standardized system of water data collection, analysis and transfer to better address water resource management challenges. It streamlines information flows on water management between the Ministry's units and facilitates the negotiations on the distribution of water and energy resources between suppliers and consumers.

OSCE Centre in Astana

Kazakhstan's work in the field of water resource management has included a two-day workshop attended by regional authorities, as well as water consumer groups, which was aimed at raising awareness on the topic of Integrated Water Resource Management. The workshop, held in Taldykorgan, Kazakhstan, took place on 19-20 November 2009.³⁹ This event was organized by the OSCE Centre in Astana in conjunction with the Committee on Water Resources and the Centre for Sustainable Development. The workshop brought 35 representatives of local administration and civil society together. Workshop participants had the opportunity to discuss best practices and possible ways to introduce the concept of Integrated Water Resource Management in their respective home regions, and also ways to stimulate dialogue among those interested in the field.⁴⁰

On 20 November 2009 the OSCE Centre in Astana signed a Memorandum of Understanding with the International Fund for Saving the Aral Sea (IFAS) Executive Directorate in the Republic of Kazakhstan. IFAS is an international organization that works to promote sustainable development in the Aral Sea region. The Directorate is a national branch within Kazakhstan that is working to implement Aral Sea Basin projects with a focus that includes water resource management.⁴¹

Medet Ospanov, Director of the IFAS Executive Directorate in the Republic of Kazakhstan has been quoted as saying, "This Memorandum is opening the way to joint co-operation in the area of integrated water resources management, environmental recovery in the basin and preparation

³⁷ OSCE supports meeting on Kazakhstan, Kyrgyzstan water sharing agreement, Office of the Co-ordinator of the OSCE Economic and Environmental Activities, 6 October 2009, http://www.osce.org/eea/item_1_40388.html

³⁸ "OSCE Office supports establishment of water information system in Tajikistan", OSCE Office in Tajikistan, 17 December 2009, <http://www.osce.org/item/42179.html>

³⁹ "OSCE Centre promotes Integrated Water Resource Management in Kazakhstan," OSCE Centre in Astana Press Release, 19 November 2009, http://www.osce.org/astana/item_1_41397.html

⁴⁰ *Ibid.*

⁴¹ "OSCE Centre in Astana starts co-operation with the International Fund for Saving the Aral Sea," OSCE Centre in Astana Press Release, 20 November 2009, http://www.osce.org/astana/item_1_41422.html

for the Aral Sea Basin Programme.”⁴² The intent of this partnership is for both the OSCE and the IFAS to take targeted measures designed to improve social and economic conditions of the Aral Sea states through resource management.⁴³

The OSCE Centre in Astana and the Kazakh branch of the IFAS co-organized a two-day roundtable discussion on environmental security threats to the Aral Sea basin in Kyzylorda on 17 May 2010.⁴⁴

More than 70 representatives from embassies in Kazakhstan, international organizations, local and national government authorities and non-governmental organizations discussed how to develop existing and proposed national and international initiatives to address water and environmental security challenges in the Kazakhstani part of the Aral Sea and Syrdariya water system basin. International and local experts presented findings from projects in the area and discuss efforts to stabilize the environmental situation, protect the local population from the negative effects of depletion and pollution, and improve the socio-economic condition of the latter.

The OSCE Centre and IFAS Kazakhstan also presented a proposed OSCE extra-budgetary project to implement the integrated water resources management concept in Kazakhstan's Aral Sea basin.

OSCE Project Co-ordinator in Ukraine

“Dniestr III Project”

As noted by OSCE Secretary General Marc Perrin de Brichambaut in his response to the PA's questionnaire, the OSCE Project Co-ordinator in Ukraine has continued to help implement an ENVSEC project aimed at the improvement of transboundary co-operation and sustainable management in the Dniestr River basin. A number of public awareness campaigns were also organized throughout the entire Dniester River basin.⁴⁵

“Black Sea Monitoring System”

In early November 2009 implementation of the Black Sea Monitoring System began. According to the Secretary General the objective of this project is “to minimize potential environmental damage in the Black Sea basin through a more informed decision making process.”⁴⁶ As a primary step, a working meeting with the Ukrainian Ministry of the Environment was conducted to update the project implementation action plan.

⁴² *Ibid.*

⁴³ *Ibid.*

⁴⁴ “OSCE Centre fosters dialogue on environmental security threats in the Aral Sea basin”, OSCE Centre in Astana Press Release, 17 May 2010, <http://www.osce.org/item/43952.html>

⁴⁵ OSCE Secretary General, Mr. Marc Perrin de Brichambaut in his letter to OSCE PA Secretary General, Mr. Spencer Oliver, 21 January 2010.

⁴⁶ *Ibid.*

III. Other International Initiatives

At the **European Union** level, measures are taken by the Member States to implement the water policy of the European Union, and particularly the provisions of the Water Framework Directive.⁴⁷ This directive establishes a legal framework to protect and restore clean water across Europe and ensure its long-term sustainable use. Under Article 4(1) of the directive, Member States should aim to achieve good status in all bodies of surface water and groundwater by 2015.

World Water Day

In a Declaration by the High Representative of the European Union for Foreign Affairs and Security Policy, Catherine Ashton, to commemorate the World Water Day on 22 March 2010, the European Union reaffirms that all States bear human rights obligations regarding access to safe drinking water, which must be available, physically accessible, affordable and acceptable.⁴⁸ The EU also recognizes that the human rights obligations regarding access to safe drinking water and to sanitation are closely related with individual human rights, as the rights to housing, food and health.

International Decade for Action "Water for Life," 2005-2015

A High Level International Conference on the Mid-term Comprehensive Review of the Implementation of the International Decade for Action "Water for Life," 2005-2015 was organized from 8 to 10 June 2010 in Dushanbe, Tajikistan.⁴⁹ The Conference was mainly aimed at making a mid-term comprehensive review of the implementation of the International Decade "Water for Life" 2005-2015, as well as an appraisal of the progress achieved in the implementation of internationally agreed water-related goals, and prospects for the fulfillment of international commitments on water and water related issues by 2015. The Conference provided an opportunity to discuss and develop new measures to accelerate efforts toward timely and fully achievement of the goals.

IV. National Initiatives / Best Practices

In the Czech Republic, water protection, water use and water rights are covered by the Act No. 254/2001 Coll. on Waters. Every year the Ministry of Agriculture in co-operation with the Ministry of the Environment publishes an annual Report on the State of Water Management.

⁴⁷ Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy.

⁴⁸ Declaration by the High Representative, Catherine Ashton, on behalf of the EU to commemorate the World Water Day, OSCE Permanent Council No. 800, Vienna, 25th March 2010, http://www.osce.org/documents/pc/2010/03/43290_en.pdf

⁴⁹ High Level International Conference on the Mid-term Comprehensive Review of the Implementation of the International Decade for Action, "Water for Life," 2005-2015, 8-10 June 2010, Dushanbe, Tajikistan, <http://waterconference2010.tj/>

This report reviews the quality and the quantity of the surface water and groundwater and the legislative, economic, research and integration activities on the issue.

In Estonia, the parliament is currently discussing the Bill on Amendments to the Water Act and the Chemicals Act. One of the major amendments expected is the so-called principle of application of the strictest environmental requirement: in case several environmental requirements or responsibilities are applicable simultaneously, the strictest of these must be applied or achieved. Catchment area based work plans for improving the water system will be compiled in the future, and a committee will be formed to organize activities in the water sector. The Bill also changes the regulation for building bore wells.

More than 286,000 people will soon get quality drinking water from their taps after the Environmental Investment Centre has decided to allocate 415 million EUR. The Ministry of Regions also supported 786 projects in 2009 aimed at constructing bore wells, drinking water pipelines and pumps or water purification stations.

In Poland, the Law on Universal Water Supply and on Collective Liquid Waste disposal aims at ensuring the continuity of supply, a satisfactory quality of water for human consumption, and a dependable sewage disposal and treatment. The Ministry of Environment has prepared a draft National Strategy for Water Management 2030, of which purpose is to satisfy the population's needs for drinking water and sanitation, and to reduce the water consumption by maintaining waters and related ecosystems in good condition and leveling regional disproportions in access to good-quality water. The draft is currently being analyzed. However, several water quality improvement projects have already been launched.

In Luxembourg, a hydrographic district management plan is being developed by the Ministry of Interior. The German Bundestag announced in March 2009 the "first regulation amending the Regulation on general conditions of the water supply." In addition, it has submitted written questions and brief requests/inquiries to the Federal Government regarding the content of Bisphenol-A (BPA) in drinking water as well as the state of implementation of the European Water Framework Directive, including management plans, action plans and the work of river basin communities.

In Romania, investments are mainly focused on the upgrade and expansion of water and sewage networks, the construction and upgrade of drinking water and wastewater treatment plants, as well as an improved quality of public services and acceptable tariffs.

In Italy, a fund aimed at improving the process of making water potable, microfiltration and sweetening for tap water has been established. Funding is provided by taxing each bottle sold. Slovenia presides over the International Commission for the Protection of the Danube River in 2010. At the ministerial meeting on 16 February, a plan for the environmental protection of the Danube river-basin was adopted.

Hungary has developed a river basin management plan, which covers the entire territory of the country, including the Danube (34,730 km²), Tisza (46,380 km²), Drava (6,145 km²) and Balaton (5,775 km²) sub-basins. This plan includes measures that facilitate the efficient and sustainable

use of waters, such as water source protection, national wastewater programme and protection of waters against nitrate contamination of agricultural origin. A Drinking Water Quality Improvement Programme, which affects about 2.3 million people, is also expected to be completed in 2012-2013, while a National Waste Water Programme is currently being prepared for the implementation of wastewater collection and treatment.

The Canadian Government's Action Plan for Clean Water includes a commitment of 75.6 million EUR to restore Lake Winnipeg, Lake Simcoe and several areas of concern in the Great Lakes. Further commitments to protect water resources include the funding and the acceleration of First Nations' infrastructure projects, the regulation of specific industries like metal mines and pulp and paper to reduce the toxicity of their effluents, and a financial support to the United Nations Global Environment Monitoring System/Water Programme. In August 2009, the Government also announced new regulations for managing municipal wastewater.

In Liechtenstein, sustainable access to clean water is guaranteed by the regional platform "AlpineRhine", which was founded in 1995 by the Governments of Liechtenstein, the Austrian Province Vorarlberg and the Swiss Cantons Graubünden and St. Gallen.

The European Union Strategy for Central Asia includes the sustainable management of environment and water. The United Kingdom Department for International Development has supported the water sector in Kyrgyzstan since 2002. The Rural Water Supply and Sanitation Project (2002-2008) and a follow up project have been implemented jointly with the World Bank. The UK contributed 239,690 EUR to a UNICEF project, which focused on recovery for water supply and sanitation after the Tajikistan floods in the spring 2009.

The European Bank for Reconstruction and Development's (EBRD) Early Transition Countries Fund (ETCF) and the Sustainable Energy Initiative (SEI) provide technical assistance to the water and sanitation sectors in EBRD's countries of operation. Since the Western Balkans Investment Framework was established, the UK's Department for International Development has provided a grant of 7 million EUR for, inter alia, water sector projects in Albania, Kosovo, Montenegro and Serbia.

Monaco's development agency has implemented programs in support of sustainable access to clean water and fight against desertification in Kenya, Ethiopia and Burkina Faso. In 2009, Andorra has allocated 25,000 EUR to the "French-Speaking Initiative for Water" jointly launched by the Prince Albert II of Monaco Foundation and the International Organisation of La Francophonie.

Luxembourg has launched two development cooperation projects in Cape Verde to strengthen the capacity of water operators on the Santiago, Fogo and Brava Islands, and one in Niger, to improve sustainable water supply, hygiene, sanitation and environment in one hundred schools of the Boboye department.