



**UNITED NATIONS  
ECONOMIC COMMISSION FOR EUROPE**

**UNECE Review of the Commitments of OSCE  
Participating States in the Economic Dimension**

Prepared for the  
The Tenth OSCE Economic Forum  
28 – 31 May 2002

Prague, Czech Republic

## **Introduction**

At the request of the secretariat of the OSCE, the UNECE presents the following paper, which reviews the commitments of OSCE participating states in the economic dimension. In contrast with earlier reviews, and in light of the topic of the 10<sup>th</sup> OSCE Economic Forum, the OSCE requested the UNECE to give particular focus in its review this year on the implementation of the UNECE's environmental conventions, which are relevant for conflict prevention. The report is organised as follows:

1. Implementation of commitments by OSCE participating states in the economic dimension
2. Review of the implementation of UNECE environmental conventions

It concludes with comments on the nature and role of commitments of OSCE member states in the economic dimension.

### **1. Implementation of OSCE Commitments in the economic dimension**

The most substantive and most recent declaration of commitments of OSCE participating states is found in the Bonn document of 1990. This document reflects to some extent the uncertainty of the period but overall makes a strong statement in favour of economic reform and the market economy. Taking the region as a whole, there has been no evidence of a retreat from the commitments made by participating states to these general market economy principles contained in the Bonn declaration of 1990. There are indeed numerous commitments made in the fields of both macroeconomics and microeconomics by OSCE participating states in that document. Of these: (i) macroeconomic stabilisation and the commitment to prudent anti-inflationary policies and fiscal and monetary credibility; (ii) commitment to international investment and rights of establishment of foreign companies; and (iii) conducive environment for new enterprise development and SMEs, are amongst the most salient and are worth closer examination.

#### **(i) Macroeconomic stabilisation**

Overall, states continue to show a high degree of control of macroeconomic balances, appreciating the importance of stability to long-term economic growth. In most of the region, governments have maintained responsible macroeconomic policies, exercising the financial restraint necessary for stabilising expectations, normalising relations with foreign creditors, and improving the credibility of fiscal and monetary policy commitments.

This commitment is reflected in very strong growth figures for the region as a whole. Despite the negative repercussions of the global economic slowdown, 2001 turned out to be a successful year for the ECE transition economies: almost all of them posted positive rates of GDP growth and in some countries these were higher than in 2000. The transition economies' aggregate GDP increased by 5 per cent, making them one of the fastest growing regions in the world. The main factor behind this outcome was buoyant growth in the Commonwealth of Independent States where a strong recovery continued for a third consecutive year.

Russia remained the principal engine of growth for the CIS countries in 2001 with a 5 per cent increase in GDP. After the financial crisis, the Russian government introduced sweeping policy reforms and restored investor and credit confidence in its capacity to manage the economy. Its growth may be linked to favourable external conditions such as steady rises in the price of oil, but strong commitments to structural reform policies are contributing to Russia's sustained growth in GDP,

which between 1999 and 2001 increased by almost 21 per cent. All the indications are that the Russian economy has crossed an important threshold in systemic reforms, making the process of its transformation to a market economy look now irreversible.

Despite these positive developments, there are a number of uncertainties regarding Russia's economic prospects. Notwithstanding the recent progress in market reforms, Russia is far from the end of this process. Besides, it is not yet clear whether the institutional environment will be capable of implementing and enforcing efficiently all the newly adopted laws and regulations. In addition the heavy dependence of the Russian economy on oil exports entails significant risks for macroeconomic performance in general due to the persistent volatility of international oil prices. Hence some caution is needed in assessing the prospects for high and sustainable growth in Russia, which ultimately depend on the further implementation of economic reforms.

Russia was not in fact the fastest growing economy in the region: 8 of the remaining 11 CIS member states in 2001 have annual rates of growth higher than that of Russia. In most cases (Armenia, Kazakhstan, the Republic of Moldova, Turkmenistan, Ukraine, Tajikistan), strong growth was underpinned by the expansion of exports, partly due to rising import demand within the CIS itself.

The overall encouraging performance of transition economies has been due firstly to the support for growth given by private domestic consumption. This itself is due to the successful implementation of market reforms, which have bolstered consumer and investor confidence and spending propensity. Secondly thanks to productivity gains, most east European transition economies have been able to improve their cost competitiveness vis-à-vis their trading partners and have improved their export performance thereby contributing to economic growth.

Thus, commitments to macroeconomic stability have been rewarded in a rather strong growth that has been achieved despite unfavourable global economic trends. Nevertheless, a few other factors need to be taken into account in order for the picture to be complete. The economic performance of countries continues to be strongly different as reflected in GDP per capita figures. Additionally the macroeconomic stability of the countries depends on the size of the current account deficits. These are for some countries quite high. (See annex 1) This does not mean necessarily financial stability. In a few of the Central Asian Republics there are signs of increasing debt. At the same time there are programmes of support in place to prevent the size of this debt causing severe economic problems. Overall the size of the current account deficits, while not pointing to imminent financial instability, does call for the continuation of careful and prudent macroeconomic management.

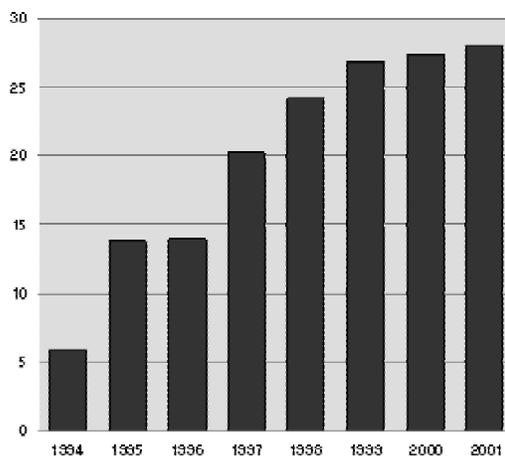
(ii) Encouragement of international investments

Participating states have continued to give the attraction of FDI a very strong focus in their economic policies, which is a commitment, made by OSCE states. The region continues to be one of the most open to FDI in the world.

FDI accordingly in the transition economies proved resilient in the wake of the Asian and Russian financial crises (1997-1998) and again during the global slowdown in 2001, increasing to over \$28 billion. There had been some concerns in early 2001 that FDI would diminish as global economic prospects weakened. While this may have occurred in some transition economies, the strategic goals of multi-national corporations - acquisition of assets undergoing privatisation, lowering costs with efficiency-seeking investments and establishing a presence in EU candidate countries - seem to have dominated cyclical considerations. Their performance in attracting FDI compares well with the rest of the world, which saw a significant decline in FDI last year. In 2001, for the first time in ten years worldwide flows of FDI declined by some 40 per cent.

## Chart 1

*Foreign direct investment in the ECE transition economies, 1994-2001*  
(Billion dollars)



*Source: UNECE secretariat, based on national balance of payments statistics*

Policies towards FDI have become more open and attractive as countries are having to compete more intensively with each other to attract worldwide flows. Not only have global FDI flows declined but also with globalisation never before have so many location options been available to multinationals. In response, governments are using ever more innovative instruments to attract FDI. One such initiative – Government business councils – allows dialogue between investors and governments to identify constraints to FDI and to seek ways for mitigating or removing them. Turkey is one of the latest countries to establish such a Council.<sup>1</sup>

Nevertheless, despite growth in FDI, many of the CIS countries still under perform in attracting FDI and while part of this performance is outside their control it is also a result of failure to push ahead with more favourable FDI policies, including privatisation. One of the main under performers in this regard is Russia. Russia attracts less than 100 USD per capita per year, the second lowest in the CIS and more than 10 times less than the countries of central Europe. The distribution of FDI is also highly uneven. There is a concentration of FDI, well over half of total FDI flows to the transition economies, in just a few central European countries.

Greater cooperation is thus needed in the region to encourage a more equitable spread of FDI. Such cooperation was envisaged in the Bonn declaration, which called for the development of a multilateral framework for the protection of international investment. Today, there is renewed interest in global rules for FDI arising from the WTO meeting in Doha, which would cover such items as transparency, non-discrimination, settlement of disputes and balance of payments. However before this takes place, if at all, regional initiatives to foster intergovernmental cooperation in attracting FDI, should be seriously considered.

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<sup>1</sup> The first meeting of the Turkish Investment Advisory Council is scheduled to take place on July 18 2002. Thirteen chief executive officers with investment interest in Turkey have said they will attend. Foreign Direct Investment April/May 2002

Table 1

**Foreign direct investment in the ECE transition economies,<sup>a</sup> 1998-2001**  
(Million dollars)

	1998	1999	2000	2001
<b>Eastern Europe</b> .....	17 554	20 089	21 997	21 426
Albania <sup>b</sup> .....	45	41	143	180*
Bosnia and Herzegovina .....	100	90	150	130
Bulgaria .....	537	819	1 002	651
Croatia .....	932	1 479	1 115	1 428
Czech Republic .....	3 718	6 324	4 986	4 916
Estonia .....	581	305	387	538
Hungary <sup>c</sup> .....	2 036	1 970	1 649	2 443
Latvia .....	357	347	408	201
Lithuania .....	926	486	379	446
Poland (cash basis) .....	5 129	6 471	8 294	6 929
Romania .....	2 031	1 041	1 040	1 137
Slovakia .....	684	390	2 075	1 475
Slovenia .....	248	181	176	442
The former Yugoslav				
Republic of Macedonia <sup>b</sup> .....	118	32	170	420*
Yugoslavia .....	113	112	25	90
<b>CIS</b> .....	6 726	6 735	5 367	6 632
Armenia <sup>b</sup> .....	221	122	104	70*
Azerbaijan <sup>b</sup> .....	1 023	510	129	20*
Belarus .....	149	444	116	100*
Georgia .....	265	82	131	120*
Kazakhstan .....	1 151	1 468	1 245	2 600*
Kyrgyzstan .....	109	44	-2	20*
Republic of Moldova .....	74	37	138	150*
Russian Federation .....	2 762	3 309	2 714	2 540
Tajikistan <sup>b</sup> .....	24	21	22	20*
Turkmenistan <sup>b</sup> .....	64	80	100	100*
Ukraine .....	743	496	595	792
Uzbekistan <sup>b</sup> .....	140	121	75	100*
<b>Total above</b> .....	24 280	26 824	27 364	28 058
<i>Memorandum items:</i>				
<b>Baltic states</b> .....	1 863	1 139	1 173	1 184
<b>CETE-5</b> .....	11 815	15 336	17 180	16 205
<b>SETE-7</b> .....	3 876	3 614	3 644	4 036
<b>Asian CIS</b> .....	2 998	2 449	1 804	3 050
<b>Three European CIS</b> <sup>d</sup> .....	966	977	848	1 042

**Source:** UNECE secretariat, based on national balance of payments statistics; IMF, *Staff Country Reports* (Washington, D.C.), for Bosnia and Herzegovina, Yugoslavia, Tajikistan and Uzbekistan [www.imf.org]; TACIS, *Azerbaijan Economic Trends* (Baku) for Azerbaijan [www.economic-trends.org].

**Note:** Due to the availability of new data, some of the figures in this table differ from those in table 3.5.13 of the *Economic Survey of Europe* 2002, No. 1. IMF estimates and projections are used for Tajikistan in 2000 and 2001. IMF projections are used for Bosnia and Herzegovina and Yugoslavia in 2001. Secretariat estimates for 2001 are generally based on three quarters of balance of payments data for 2001 and fourth quarter changes in 2000. Changes in coverage are available in UNECE, *Economic Survey of Europe, 2001 No. 1*, box 5.3.1.

<sup>a</sup> Inflows into the reporting countries.

<sup>b</sup> Net flows

<sup>c</sup> Excludes reinvested profits

<sup>d</sup> Belarus, Republic of Moldova, Ukraine

(iii) Promotion of small and medium-sized enterprises

Policies to promote SMEs have been always a strong commitment of OSCE participating states. However the performance of promoting SMEs is rather mixed. In central European countries which have enjoyed faster economic growth, employment in companies with 50 employees or less is around fifty per cent of total employment. This is around the average for the EU. By contrast in the CIS the percentage of companies with 50 employees or less is still less than 20 per cent of total employment. In many CIS countries substantial capital outflows and a weak small business sector bear witness to a still very difficult overall environment for business.

In some CIS countries, SMEs do not often register themselves. Therefore the figures may underestimate the extent of SMEs. In such cases, entrepreneurs decide to operate in the non-legal sector, preferring to avoid an onerous taxation regime and the costs of legal establishment. This preference to operate in the informal sector weakens the 'legal' sector. The strength of the informal sector holds back the development of a viable commercial banking industry as well as other financial services such as insurance. It also deprives states of badly needed tax revenues. There are signs that CIS states are giving a higher priority to improving the business environment for SMEs. In Russia for example, the Government has recognised this weakness and made substantive improvements already in simplifying taxation and in alleviating the administrative barriers for SMEs. The challenge is to implement reform at local levels, particularly to give incentives to local administrators to undertake pro business reform and SME growth policies.<sup>2</sup>

## **2. Review of UNECE environmental conventions**

Of the numerous UNECE Conventions in environment, two in particular stand out as contributing directly to conflict prevention. The extent to which these are being implemented and accordingly the extent to which they are contributing to conflict prevention are reviewed below.

The ECE region is still the only region where a unique regional environmental framework was put in place. Five regional environmental conventions and related protocols focus on the protection of transboundary waters; water-related diseases; prevention of, and response to industrial accidents; air pollution control; environmental impact assessment of proposed activities; and public information and participation in decision making. Currently, a legally binding instrument on civil liability for damage caused by industrial accidents on transboundary waters is being negotiated.

These binding instruments are supplemented by some 100 bilateral or multilateral agreements and by supranational law, such as the Directive of the European Parliament and of the Council of September 2000 establishing a framework for Community action in the field of water policy (EC Water Framework Directive). In addition, a number of soft-law instruments, such as recommendations and guidelines, have been drawn up under the auspices of ECE that provide further guidance in the implementation of regional environmental conventions and protocols.

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<sup>2</sup> Economic Survey of the Russian Federation, 2002, OECD Policy Brief January 2002

**(i) The UNECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Helsinki, 17 June 1992)**

UNECE instruments in the area of sustainable water management and water-related diseases, both binding and non-binding, are preventive by design. The Water Convention and its Protocol on Water and Health cover dispute avoidance and dispute settlements mechanisms. These mechanisms include obligations of the Parties to cooperate, consultation mechanisms, transboundary notification, exchange of information, public information and participation in decision-making, mutual assistance, and joint assessments, and others.

In addition, the water-and-health-protocol introduces a social dimension: access to safe drinking water and adequate sanitation for all members of the population, especially those who are disadvantaged or are socially excluded; and stipulates that - as a counterpart to their rights and entitlements to water - natural and legal persons and institutions should contribute to the protection of the water environment and the conservation of water resources.

Cooperation focuses on the rational use of water, pollution prevention from industry, prevention of accidental water pollution, good practice of transboundary water management, and reduction of water-related diseases. Groundwater protection, particularly from agricultural activities, was also among the issues that have been taken up from the very beginning of cooperation on water under the Convention. Under the Water Convention, the International Water Assessment Centre, set up in 2000 in the Netherlands, assists countries in establishing and maintaining monitoring systems, renders assistance on human resources development and institutional capacity building, and contributes to the implementation of global UN programmes on water. Pilot projects, supported by PHARE and Tacis of the European Union and other donors, are being carried out in nine river basins in Eastern Europe to improve technical and institutional capacity on transboundary water management, including monitoring.

Overall the Convention is well implemented and is universally recognised. It has proved to be a useful tool for institutional cooperation on transboundary waters and a platform for the exchange of experience among parties and non-parties. The Convention was adopted in Helsinki on 17 June 1992, and entered into force on 6 October 1996. As of mid-May 2002, 32 countries and the European Community are Parties. The following countries, sharing waters with the neighbours, did not yet join the Convention: (a) EU countries – Ireland and United Kingdom; (b) Balkan countries: Bulgaria, Bosnia and Herzegovina, TFYR Macedonia, Yugoslavia; (c) NIS countries: Armenia, Belarus, Georgia, Uzbekistan, Tajikistan, Kyrgyzstan and Turkmenistan, (d) other countries – Andorra, Canada, Israel, Monaco, San Marino, Turkey and United States.

The success of cooperation under the Water Convention can be attributed to many factors. The most prominent include: the common political will to resolve the existing problems and acting in partnership; voluntary decisions by riparian countries to cut pollution; avoidance of one-sided promotion of individual, sector or national interests; the combination of legal frameworks and non-binding instruments to tackle trans boundary water-quality and water-quantity problems; periodic assessments of achievements by Environment and Health Ministers, for example, as part of the "Environment for Europe" process; the courage to deal with newly emerging problems, such as civil liability, compliance with legal instruments, and enforcement mechanisms; and the recognition that cooperation on water problems, which started under the auspices of ECE some thirty years ago, is a long-term process that should be based on mutual trust and understanding.

### **1992 ECE Convention on the Protection and Use of Transboundary Watercourses and International Lakes (ECE Water Convention)**

The Convention is intended to strengthen local, national and regional measures to protect and use transboundary surface waters and groundwaters in an ecologically-sound way. The Parties will particularly prevent, control and reduce the pollution of transboundary waters by hazardous substances, nutrients, bacteria and viruses. The precautionary principle and the polluter-pays principle have been recognized as guiding principles in the implementation of such measures, together with the requirement that water management should meet the needs of the present generation without compromising the ability of future generations to meet their own needs. This will protect and conserve not only water resources but also soil, flora, fauna, air, climate, landscape and cultural heritage. The Convention establishes the river basin as the management unit and requests the Parties to specify the catchment areas, or part(s) thereof, which are subject to cooperation.

The Convention entered into force on 6 October 1996. Currently, 32 countries and the European Community are Parties to the Convention.

### **1999 Protocol on Water and Health to the Water Convention**

The objective of the Protocol is to promote at all appropriate levels, nationally as well as in transboundary and international contexts, the protection of human health and well-being, both individual and collective, within a framework of sustainable development, through improving water management, including the protection of water ecosystems, and through preventing, controlling and reducing water-related disease. The Protocol applies to: surface freshwater; groundwater; estuaries; coastal waters which are used for recreation or for the production of fish by aquaculture or for the production or harvesting of shellfish; enclosed waters generally available for bathing; water in the course of abstraction, transport, treatment or supply; and waste water throughout the course of collection, transport, treatment and discharge or reuse.

The Protocol was adopted in London on 17 June 1999 on the occasion of the Third Ministerial Conference on Environment and Health. 36 countries have signed the Protocol, and seven one country have ratified it (as of mid-May 2002).

As a novelty in international law, signature and ratification of the Protocol does not require ratification of the parent Water Convention.

Following recent discussions by the Parties on the future direction of work under the Convention, four items have priority:

- To make efforts so that countries that are not yet Parties to the Convention and its Protocol, particularly NIS countries and Balkan States, join these legal instruments so that they can take advantage of this work especially as they face serious problems with the management of their transboundary waters.
- To work towards facilitating the implementation of the EC Water Framework Directive in international river basins at the fringe of an enlarged EU area, and provide a platform for an exchange of experience, approaches and tools with riparian

countries in these river basins and in other transboundary catchment areas in the ECE region.

- To intensify the dissemination of information and know-how, sharing experience, offering assistance for cooperation and creating partnerships and mechanisms for capacity building, including funding.
- To continue working jointly with the bodies established under the other ECE environmental conventions as well as other UN Organizations and governmental and non-governmental organizations and institutions active in the field of integrated water management.

The 10-year work under the Water Convention highlighted the success and value of what has been achieved and still is being achieved through the implementation projects set up under the aegis of the Convention. Such implementation projects can significantly translate the recommendations mentioned above into action. Projects should continue to be designed to address major difficulties that countries face with the implementation of the Convention i.e. Strengthening institutional frameworks and providing access to sources of finance.

**(ii) The UNECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters**

Also known as the Aarhus Convention, this UNECE instrument was adopted in the Danish city of Aarhus in June 1998 at the Fifth Ministerial 'Environment for Europe' conference. It has been signed by 39 countries and the European Community. The Convention entered into force on 30 October 2001 and the first meeting of the Parties will take place in October 2002 in Italy. To date, 20 countries have become Parties to the Convention, most of these being from Central and Eastern Europe or the Commonwealth of Independent States. Several Western European countries, as well as the European Union itself, are actively working towards ratification.

Involving the public and allowing the public to directly participate in decisions which will affect their lives and the quality of their lives is an important dimension of security. Threats to security do not only come in the form of tensions between nation states. They also arise when governments become alienated from those they govern - the public. Involving civil society in decision-making by public authorities is an important long-term measure to strengthen democracy, to build a more integrated and cohesive society and thereby to enhance security. The relevance of the Aarhus Convention in the security context is evident.

Although the Aarhus Convention is a regional instrument, its global significance is widely recognised. The United Nations Secretary-General Kofi Annan has described it as 'the most ambitious venture in environmental democracy undertaken under the auspices of the United Nations [whose] adoption was a remarkable step forward in the development of international law'. According to Mary Robinson, UN High Commissioner for Human Rights, "the Convention is a remarkable achievement not only in terms of protection of the environment, but also in terms of the promotion and protection of human rights...". UNEP's Executive Director, Klaus Töpfer, has stated that "the Convention gives us a golden opportunity to pursue our environmental endeavours from the right approach."<sup>3</sup>

The Convention recognizes that adequate protection of the environment is essential to human well-being and the enjoyment of basic human rights, including the right to life itself. It aims to guarantee

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<sup>3</sup> All the comments quoted in this paragraph were made to mark the occasion of the entry into force of the Convention in October 2001.

the rights of access to information, public participation in decision-making and access to justice in environmental matters in order to contribute to the protection of the right of every person of present and future generations to live in an environment adequate to his or her health and well-being. The Convention establishes that sustainable development can be achieved only through the involvement of all stakeholders in society, while linking government accountability and environmental protection. It focuses on interactions between the public and public authorities and has established a new benchmark for public participation and transparency in the negotiation and implementation of international agreements.

The provisions of the Convention provide that each Party shall guarantee the rights of access to information, public participation in decision-making and access to justice in environmental matters, while promoting environmental education and awareness among the public. Public authorities, in response to a request for environmental information, are required to make such information available to the public, within the framework of national legislation. They are also required to possess, update and disseminate information to the public without the need for a specific request through, *inter alia* publicly accessible registers and electronic databases including national reports on the state of the environment, texts of legislation and other policies and programmes.

The Convention guarantees the practical means and opportunities for the public to participate in the decision-making on a specific activity, in the development of plans, programmes and policies and in the preparation of laws, rules and legally binding norms relating to the environment. The rights to information and participation in the Convention are underpinned and complemented by a right of access to justice. Parties are required to provide the public, or certain members of the public, with access to a review procedure before a court of law, or another independent and impartial body established by law, to challenge not only failures to comply with information requests and breaches of public participation procedures but also general violations of environmental law, whether by public authorities or by private bodies.

The Convention is open for accession not only to ECE Member States but also to other States which are members of the United Nations upon approval by the Meeting of the Parties to the Convention. Although the adoption and the entry into force of the Convention are major achievements, its implementation will undoubtedly be an even greater challenge. Amending national laws to bring them into compliance with the provisions of the Convention will be a major task. Ensuring that those laws are then applied effectively will be a further challenge.

In recognition of this, many activities have been carried out to support States not only in becoming Parties to the Convention but, more important, in effectively implementing it. These have included a series of sub-regional multi-stakeholder workshops, aimed at bringing together government officials, NGOs and others to discuss the requirements for effective implementation. To date, two such workshops have been held for the three South Caucasus countries and one for the five Central Asian Member States of ECE, with a second scheduled to take place in the first week of June 2002. Each of these workshops has involved close co-operation between UNECE, UNEP and OSCE, with OSCE serving as local organizer for three of them.

The possibilities for further development of this co-operation between UNECE and OSCE should be explored, with a view to building on the progress made so far and taking into account the changing needs of the countries in question, as they gain increasing familiarity with the Convention and progressively develop the infrastructure to implement it.

## **Some concluding remarks**

In conclusion, the majority of transition economies have enjoyed a good economic performance which demonstrates their achievement in implementing commitments in the OSCE economic dimension. Investors' confidence is strong and for the central and eastern European countries this will grow as accession to the EU draws nearer. More reforms however are needed in countries that are not in the process of accession to the EU. The recent policy developments in Russia provide a useful model to many states on the priorities needed to implement structural reform.

The performance of these countries however in meeting their commitments does not necessarily mean that the region is more secure. Rather it tends to mean that the old conflict between east and west no longer constitutes a threat to security. Other sources of tensions, which are not covered in the OSCE's economic commitments, have emerged. These are the growing disparities in development within the OSCE region. These disparities refer to the increasing economic differences amongst states: between central and eastern European states, the countries of southeast Europe and the CIS. Additional threats to security not referred to include the increasing income inequalities within states; poor governance and weak institutions as well as the increase in poverty.

In the light of these threats to security, it could be now timely to consider the elaboration of new commitments. UNECE strongly supports the review of commitments as an instrument of the work of the economic dimension and believes that interest in this segment of OSCE work could be improved by incorporating some new issues into the review. To alleviate poverty requires a number of policies and programmes, increased ODA, more trade and better access to markets, increased FDI, better governance, more targeted social policies, and even some redistribution policies to close the income disparities. Benchmark setting and the monitoring of the implementation of poverty alleviation programmes and effective social policies could help states make progress in reducing this threat.

In considering the new threats and commitments that might be made by OSCE participating states, it is also worth reflecting on ways of improving the modalities of the review process. There are several new approaches that might be considered. One approach might be to set benchmarks of good practice and to encourage states to demonstrate how they achieve these goals. The review would be this an opportunity for the participating states themselves to show how they are implementing commitments. However, such benchmarks need to be set judiciously as many countries have inadequate resources to meet higher standards. It may be thus useful in this regard to involve civil society more closely including the business community and to encourage the latter to share in the extra resource burden of meeting new standards in peace and security. The UNECE remains committed to contributing to reflection on this issue and to this important work of OSCE.

## Annex 1

### Current account balances of eastern Europe, the Baltic states and the CIS, 1990-2001 (Million dollars)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>Eastern Europe<sup>a</sup></b> .....	-5 726	-2 146	-967	-7 826	-2 496	-1 778	-12 948	-14 616	-17 588	-20 726	-17 637	-17 200*
Albania .....	-118	-168	-51	14	-43	-15	-62	-254	-45	-133	-156	-400*
Bosnia and Herzegovina .....	..	..	..	..	-177	-193	-748	-1 060	-789	-971	-909	-900*
Bulgaria .....	-1 710	-77	-361	-1 098	-32	-198	164	1 046	-61	-652	-702	-878
Croatia <sup>b</sup> .....	-621	-589	329	623	854	-1 442	-1 091	-2 325	-1 531	-1 390	-433	-600*
Czech Republic .....	-122	1 708	-456	456	-787	-1 369	-4 121	-3 564	-1 386	-1 567	-2 273	-2 500*
Hungary <sup>c</sup> .....	123	267	325	-3 455	-3 911	-2 480	-1 678	-981	-2 298	-2 081	-1 328	-1 105
Poland <sup>c</sup> .....	716	-1 359	-269	-2 868	677	5 310	-1 371	-4 309	-6 862	-11 558	-9 946	-7 081
Romania .....	-3 337	-1 012	-1 564	-1 174	-428	-1 774	-2 571	-2 137	-2 968	-1 469	-1 363	-2 349
Slovakia .....	-767	-786	173	-532	759	511	-1 960	-1 827	-1 982	-980	-713	-1 820*
Slovenia <sup>b</sup> .....	518	129	926	192	573	-99	31	11	-147	-783	-612	-67
The former Yugoslav Republic of Macedonia <sup>b</sup> .....	-409	-259	-19	15	-158	-222	-289	-276	-308	-113	-113	-400*
Yugoslavia .....	..	..	..	..	-400	-1 037	-600	-1 279	-580	-764	-339	-700*
<b>Baltic states</b> .....	..	..	548	353	-59	-788	-1 400	-1 890	-2 426	-2 095	-1 483	-1 715
Estonia .....	..	..	36	22	-167	-158	-398	-563	-478	-247	-315	-300*
Latvia .....	..	..	191	417	201	-16	-279	-345	-650	-654	-493	-765
Lithuania .....	..	..	321	-86	-94	-614	-723	-981	-1 298	-1 194	-675	-650*
<b>CIS</b> .....	..	..	-538	10 267	5 286	4 409	6 139	-4 092	-6 737	23 675	47 530	32 267*
Armenia .....	..	..	-50	-67	-104	-218	-291	-307	-403	-307	-278	-220*
Azerbaijan .....	..	153	488	-160	-121	-401	-931	-916	-1 365	-600	-168	150*
Belarus .....	..	..	131	-435	-444	-458	-516	-788	-866	-194	-296	-400*
Georgia .....	..	..	-248	-354	-277	-216	-275	-375	-416	-195	-262	-180*
Kazakhstan .....	..	-1 300	-1 900	-641	-905	-213	-751	-799	-1 236	-236	743	-1 800*
Kyrgyzstan .....	..	..	-61	-88	-84	-235	-425	-138	-364	-180	-77	-10*
Republic of Moldova .....	..	..	-152	-155	-82	-95	-192	-275	-334	-51	-126	-130*
Russian Federation <sup>d</sup> .....	-6 300	2 500	1 142	12 792	8 434	7 484	11 753	2 060	687	24 731	46 291	34 157
Tajikistan .....	..	..	-53	-208	-170	-89	-70	-56	-108	-36	-62*	-200*
Turkmenistan .....	-308	447	926	776	84	23	-	-580	-934	-751*	..	..
Ukraine .....	..	..	-526	-765	-1 163	-1 152	-1 184	-1 335	-1 296	1 658	1 481	1 300*
Uzbekistan .....	..	..	-236	-429	118	-21	-980	-584	-102	-164	184	-100*
<b>Total above<sup>a e</sup></b> .....	..	..	-957	2 793	2 731	1 843	-8 209	-20 598	-26 751	855	28 410	13 352
<i>Memorandum items:</i>												
<b>CETE-5</b> .....	469	-41	698	-6 207	-2 689	1 872	-9 098	-10 669	-12 674	-16 969	-14 871	-12 573*
<b>SETE-7<sup>a</sup></b> .....	-6 195	-2 105	-1 665	-1 620	193	-3 650	-3 850	-3 946	-4 913	-3 757	-2 766	-4 627*
Asian CIS .....	..	..	-1 133	-1 170	-1 459	-1 370	-3 723	-3 755	-4 928	-2 468	181	-2 660*
Three European CIS <sup>f</sup> .....	..	..	-547	-1 355	-1 689	-1 705	-1 892	-2 397	-2 496	1 413	1 059	770*

**Source:** National balance of payments statistics; IMF, *Balance of Payments Statistics* (Washington, D.C.), various issues and *Staff Country Reports* (www.imf.org); UNECE secretariat estimates.

<sup>a</sup> Totals exclude Bosnia and Herzegovina and Yugoslavia.

<sup>b</sup> Excludes transactions with the republics of the former SFR of Yugoslavia: Croatia (1990-1992), Slovenia (1990-1991) and The former Yugoslav Republic of Macedonia (1990-1992).

<sup>c</sup> Convertible currencies. Hungary until 1995; Poland until 1992.

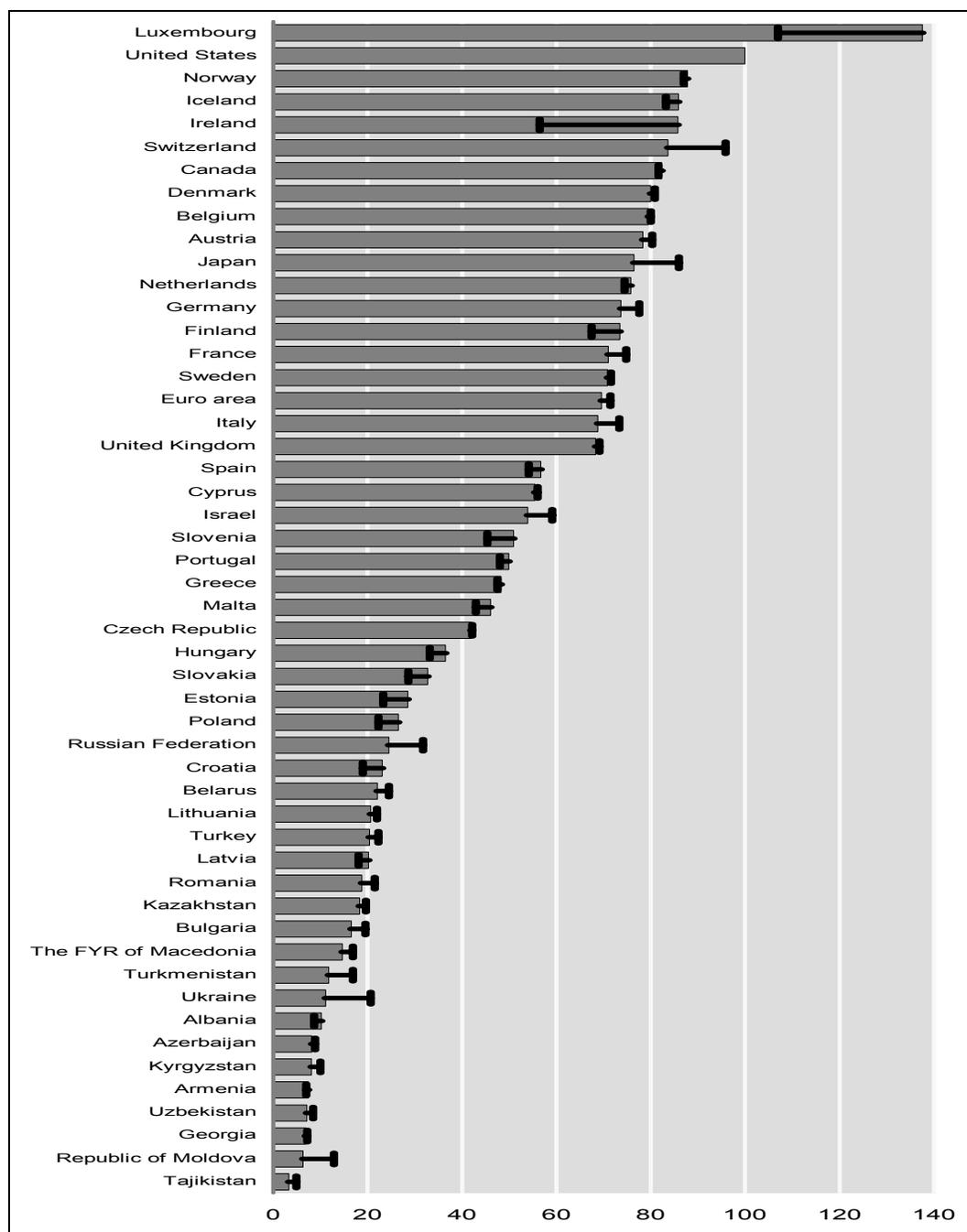
<sup>d</sup> 1990-1992 exclude transactions with the Baltic and CIS countries.

<sup>e</sup> 2000 and 2001 totals include estimates for Turkmenistan.

<sup>f</sup> Belarus, Republic of Moldova and Ukraine.

Annex 2

Real GDP per capita in current PPPs in the ECE region, 1993 and 2000  
 (United States=100)



Source: UNECE calculation, based on World Bank, World Development Indicators (Washington, D.C.), 2002.

Note: The relative position of countries in 1993 is shown by the solid lines (see text).