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THE NINETEENTH PLENARY SESSION OF THE GENERAL ASSEMBLY  
LEGAL AND POLITICAL AFFAIRS COMMITTEE

# REPORT<sup>\*</sup>

## **GLOBALISATION: CHALLENGES AND OPPORTUNITIES FOR THE PABSEC MEMBER COUNTRIES**

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## I. INTRODUCTION

1. Few subjects have attracted more attention in the recent years than globalisation embracing broad range of issues from politics to economics. It have also generated more controversy among policy makers, business circles, academicians and the press on how globalisation affects various aspects of our lives. Do globalisation and development reinforce? What are the opportunities opened and the challenges posed by globalisation to the states? What are the main institutional constraints in the process of bringing distant markets and people across the world closer together? What is the balance between national, regional and global responses to the challenges of globalisation? These are the questions of first relevance for the reality of the 21<sup>st</sup> century. Sweeping changes brought diversity among the countries – growing poverty, unemployment, inequality and alienation, on one hand, and integration, prosperity and welfare, on the other. In the aftermath of the sharp negative shock with the terrorist attacks in the United States the issue of globalisation acquired special importance. The main challenge for the contemporary society is to stand together to turn globalisation into more effective and consolidated process with equal participation of the countries, developed and developing alike, in managing the posed problems.
2. The Eighteenth Meeting of the Committee in Tbilisi on 27 September 2001, having discussed Cooperation among the PABSEC member countries in promoting political stability through economic integration, deemed expedient to take up the subject of globalisation as a way towards more integrated international cooperation, fostering economic interaction and more coherent political environment. In this respect, the Nineteenth Meeting of the Committee in Bucharest on 10-11 April 2002 discusses “Globalisation: challenges and opportunities for the PABSEC member countries” with a view to elaborate the Report and Recommendations for the Nineteenth Plenary Session of the General Assembly in Tbilisi in June 2002.
3. The Report benefited from the contributions from the national delegations of Bulgaria, Greece and Romania, as well as from the interventions by the Heads of the national delegations during the general debate on “Globalisation and the Black Sea Region’s challenges” which took place within the framework of the Eighteenth Plenary Session in Sofia on 5 December 2001. In addition, the reference material has been obtained by the PABSEC International Secretariat from the official Internet sites of the related international organisations.

## II. GLOBALISATION: CHALLENGES AND OPPORTUNITIES FOR THE PABSEC MEMBER COUNTRIES

4. Societies and economies around the world are becoming more integrated. Globalisation brings major transformations to trade, finance, employment, migration, environment, social systems, communications, ways of living, cultures and patterns of governance. Growth of technology and globalisation process mutually reinforce each other. Faster communication, liberalised movement of people and goods, freer trade, rising capital flows, increasing interrelationships between regional economic areas, etc. develop into such a connection that at a sheer speed the impact of something happening in one place is immediately felt elsewhere.
5. The new millennium offers widely diffused opportunities of the new world order to all the states. The global economy has undergone fundamental changes lately and at the heart of these changes are expansion of markets and globalisation of international trade. The common intention of the countries to diversify and develop the existing

economic relations towards freer trade opens up opportunity to efficiently use advantages arising from the geographical proximity and mutual interests, as well as traditional ties and complementary nature of the economies. Global system of trade, finance and production ties together welfare of people and promotes partnership and cooperation between and among the states and regions. It expands economic interdependence and strengthens peace and stability based upon the internationally recognised norms and principles.

6. The PABSEC member states, as many other countries worldwide, embarked upon comprehensive measures to meet the challenges of the new world order. The considerable progress achieved in economic development and democratisation, as well as intensification of trade and transport interactions between and among the member states constitutes a solid ground for further multilateral regional economic cooperation and their successful engagement in international processes. For the developing countries, like most of the PABSEC states, participation in sub-regional and regional cooperation together with more developed and experienced states is a stepping block towards integration into the broader global system. From this point of view sharing experience and mutual support by the member countries in intra-regional structures add complementary elements to their development and helps them to adjust to the competitive milieu of globalisation.
7. The Black Sea Economic Cooperation plays a significant role in unification and shaping of common interests and objectives of the participating nations through elaboration of regional projects and programmes promoting partnership and deeper interaction of its nations. *The BSEC Economic Agenda for the Future towards more consolidated, effective and viable BSEC partnership* outlines the formidable challenges of the new millennium to the BSEC countries, including those in the field of economic integration and sustainable development, information and communication, technologies, agricultural development, business dimension and SMEs, governance, crime prevention, etc. and underlines the significance of the BSEC region in the world politics and global economy stemming from its geo-strategic location, high potential, rich natural resources and human capital.
8. Concerted efforts of the PABSEC countries to implement economic reforms, reinforced by all dimensions of the Black Sea Economic Cooperation, generated greater economic integration enabling gradual adjustment of their economies and trade practices to western standards and to integrate their activities more deeply into the global processes. Despite the difficulties of transitional transformations and restructuring, the countries display economic dynamism, achieve more transparent trade and economic relations and reach significant level, demonstrating an outstanding potential for growth and diversification. Trade as, undoubtedly, the most important among the manifestations of economic globalisation is given particular attention. The reduction of trade barriers, combined with decreases in transport and communications costs, pave the way towards more efficient system of production, distribution and consumption.
9. Growing economic cooperation and freer trade boost the countries to search for local and sub-regional advantages, potentialities and characteristics for reducing existing differences and disparities. The goal of barrier free trade – successfully realised regionally in the EU, NAFTA, Mercosur, APEC and many other customs unions and free trade areas – has been set forth by the 1997 BSEC Declaration of Intent for the Establishment of the BSEC Free Trade Area. The ministers declared that “it is timely to start the examination of the ways and means to establish progressively a BSEC Free

Trade Area as part of the European architecture through free trade agreements between the members of the BSEC ... duly observing the obligations resulting from the EU and WTO, and other international organisations and agreements". It is clear that substantial and additional preparatory work is necessary for consideration of timing and means of launching negotiations to establish the BSEC Free Trade Area. On the other hand, regular consultations should continue and active cooperation be maintained with the main international organisations dealing with international trade: the Organisation for Economic Cooperation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Commission on International Trade Law (UNCITRAL), the United Nations Economic Commission for Europe (UNECE) and international financial bodies like the World Bank, European Bank for Reconstruction and Development and the International Monetary Fund.

10. Integration and regionalisation in the Black Sea area, along with the parallel processes globally, gives additional impetus to national legislation reform necessary for more convergence among the member states as an important vehicle for coordination and harmonisation of government policies serving the need of the peoples to live in the stable and prosperous region. In this respect, measures have been taken to accelerate the process of uniforming the laws and regulations necessary for efficient interaction between and among the states on sub-regional and regional levels.
11. As a first tool for the PABSEC countries to take part in the mainstream of the international trade arrangements, accession to the World Trade Organisation (WTO) as a multilateral instrument regulating today's world trade is considered. It should be noted that apart of Russia and Ukraine all the PABSEC countries fulfilled their obligations towards WTO accession and are full members of this organisation.
12. The diversity of the economies in the Black Sea region with different practices, policies and legislative frameworks as well as economic and political obligations towards international or regional organisations, the member countries are affiliated with, complicates the approximation process. For the past years the BSEC countries have made substantial progress with transitional reforms involving radical reorganisations embracing priority fields as trade, border-crossing, transportation, investment, banking, energy, environment, property, administration, judiciary, production, technologies, etc. A great number of important new laws and regulations have been adopted. Comprehensive measures have been taken towards establishment of coherent legal framework supportive of sustainable economic development and transformation into the market-led democracies with vibrant economies, open political systems, strong civil society, efficient institutional infrastructure, good governance and the rule of law. Yet, discrepancies in reform programmes and difference in the levels of the national economic development slows down the process of regional integration and require more commitment from the states to meet the contemporary challenges.
13. There is no doubt that prevailing unstable political climate, unresolved and protracted conflicts, declining living standards, big number of refugees, continuous border disputes and acute security concerns undermine normal flow of economic activities and deprive the region from fully benefiting from the economic cooperation process. Even the countries, which are not directly involved in civil or ethnic conflicts, suffer economic, social and political consequences of the regional instability.
14. Country-specific difficulties, low level of investment, insufficient government commitment and, most of all, political instability have tremendous negative impact on effective implementation of the programmes and projects embracing all the countries

in the region. With this in mind, conflict resolution through consolidation of peace and stability becomes top priority for the Black Sea countries. It is extremely important to develop, further formulate and implement necessary stability policies in a new sense of partnership and cooperation. The spirit of the partnership in the BSEC community promotes prosperity and economic stability, enriches cooperation in the region and paves the way towards economic betterment, peace, harmony and good neighbourly relations.

15. Regional cooperation and close interaction with adjacent areas is one of the fundamental priorities for the PABSEC countries to use to the maximum the opportunities of its diversified membership and expand cooperation in broader structures. In this respect, the strategy of expanding EU towards the east embracing also some of the PABSEC member countries is an important process extending stability, economic prosperity and security to the neighbouring regions in the name of wider European cooperation and integration. It is very important for the PABSEC countries that the enlargement process entails special assistance programmes (*PHARE, TACIS, TRACECA, etc.*) for the less developed countries to mobilise their commitments towards broader partnership and interaction. Within the framework of the EU and the OECD Development Assistance Committee special assistance programmes are designed to improve economic situation in the developing countries, including also PABSEC states. Similar programmes are launched by World Bank Group (IBRD/IDA and IFC), EBRD and BSTDB. A special “Hellenic National Plan for the Economic Reconstruction of Balkans” includes assistance to Albania, Bulgaria and Romania.
16. Closer ties among the countries encourage many undertakings and joint projects in various fields on both bilateral and multilateral levels for the benefit of particular countries and the region as a whole. Further strengthening of interaction with European regional and sub-regional organisations and initiatives such as South-East European Cooperative Initiative (SECI), the Central European Initiative (CEI), Royaumont Process and the South Eastern Europe Cooperative Process (SEECF) and Commonwealth of Independent States (CIS) is important.

### **Global challenges**

17. As the world stepped onto the path of integration, the countries have contemplated the future of the multilateral system involving questions of political and economic security. The main issue implies how relations among countries and among peoples are to be structured. Is the world convinced to establish a free community of nations co-existing in a borderless world fostering international solidarity or is globalisation doomed to friction and conflict. There is a temptation tendency that powerful states, captured with wish of unilateral dominion, misuse their influence and force the globalisation process to work for their benefit. The general sense of globalisation, founded upon the principles of partnership and consensus, has to overcome these temptations and guide the interdependent world under collective leadership. The understanding that national security and prosperity increasingly hinges upon the security and prosperity of the other states has to be respected and shared by all actors in the new world order.
18. The repercussions of globalisation vary, and the challenges it poses either generate wealth and opportunities and, therefore, brings benefit to those who take advantage of the positive aspects of the changes involved in globalisation, or becomes a source of problems and dissatisfaction for those who cannot adapt to the global transformations

or are left aside of these processes. Yet, global integration is a powerful force driving interaction among the countries worldwide, but it should be even more efficient to use all its potential to reduce and mitigate the risks it generates in order to make the world a better place for everyone to live.

19. The opportunities opened up by globalisation are not the same for all the countries in the world subject to their level of development and geographical location. It is a reality that developed countries with big capital globalise better than developing states with limited opportunities. That is why the difference is obvious between the states who get maximum benefit from globalisation and those whose benefits are moderate or limited. One of the most disturbing global trends of the past years is that poor countries are in danger of becoming marginal to the world economy. A widespread view on globalisation that it makes rich people richer and poor people poorer bring globalisation opponents to the violent street demonstrations, that started during the Seattle WTO Summit in 1999 and since then take place parallel to each high level meeting of main actors in globalisation processes. The growing concern about the state of the global environment, labour standards, accountability of international bodies, deficits of democracy and fairness are the demands from anti-globalisation supporters.
20. The main focus for many hopes and fears about economic globalisation is the multinational enterprises or trans-national corporations. For some they are the virtuous source for investment, technology transfer and upgrading of the labour force, for others they are vehicles by which intolerable and inhuman practices of exploitation are spread across the globe. There is also an opinion that these enterprises grow so large and powerful that they even undermine legitimate and often democratically established sovereign authority of a nation-state.
21. One of the concerns over globalisation process is that overall economic integration may lead to cultural and institutional homogenisation. Global trading and investment regimes push countries toward a certain form of standardisation. In this respect, it is important that global agreements respect countries' freedoms in a range of areas from intellectual property rights, cultural goods, to social policies and labour standards preserving diversity. There are serious fears that globalisation will weaken the intergenerational transmission of culture and facilitate influence of cultural patterns of large countries to the rest of the world through global mass media and other means of influence. This trend would, eventually, lead to homogenisation of values, thereby reducing cultural diversity and national identities. To build modernity on tradition in harmony without repression is a main challenge.
22. Global growth also threatens the environment. The excesses of technological development lead towards ecological degradation and collapse. Limitless human activities have already led to rapid climate change, rising seas, ozone hole, loss of species and habitat, terminal forms of air, water and soil pollution, greenhouse gases, accelerated cancer rates, severe deforestation, etc. According to the scientists' research much greater danger is expected unless collective corrective actions are taken. Environment is truly global issue, it is something that all the planet shares and efforts by separate countries or small group of countries are not enough. Remedy to the environmental issues require international cooperation and integrated efforts of each and everyone in collaborative action to address global environmental problems. Already, more than 200 multilateral environmental agreements (MEAs) have been concluded, among them it is noteworthy to mention Convention on international trade in Endangered Species (CITES), Montreal Protocol on Substances that Deplete the Stratospheric Ozone Layer, Basel Convention on the Control of Trans-boundary

Movement of Hazardous Wastes and their Disposal, Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (PIC), Cartagena Protocol on Biosafety, the Kyoto Protocol concerning greenhouse gases emission.

23. Another issue of widespread concern is that globalisation also interconnected the networks of criminals, traffickers, terrorists and money-laundering. The most pervasive and dangerous is the terrorism, creating a collective danger to lives of innocent people. Organised crime adapted quickly to the globalised networks and the internationalisation of terrorism can serve as an example how global risks have outpaced global policies. Evidently, after the attack on the World Trade Centre in September 2001, one of the big fears conceived worldwide is that globalisation has increased the risk of international terrorism and that no one is safe. Terrorism is not solely the problem of one country but of the whole international community. It is obvious that a solution to this problem can only be found through international cooperation aiming at upholding peace, stability and security.
24. As was already mentioned among and within the countries effect of globalisation is rather different. If financial markets and international trade are the most globalised, labour markets are the least so. In a genuinely global market movements of labour and settlement would be entirely unrestricted by states. Migration policies very much restrict the labour mobility, but massive gaps in income and job opportunities lead to mounting migration pressures. This situation enforces illegal immigration and trafficking in human beings that become complex problem touching upon several areas of government policy, including those on criminal, judicial, migration and social spheres. In this respect, the relevant governmental agencies have to cooperate in a very coordinated manner to prevent and stop illegal border-crossing. The countries have to be more active in introducing and enacting legislation regulating border-crossing – tightening and loosening where necessary criteria for entry, residence or employment, i.e. facilitating free movement of people securing their rights and, at the same time, focusing upon the necessary measures to curb illegal border-crossing and reduce human trafficking and illegal entry.
25. Strengthening of domestic institutions and policies determine to substantial extent the success of the integration process and the benefits received. It is important to identify the risks and find their remedies to reduce and mitigate the adverse impact of globalisation. Globalisation along with technological progress exacerbates unemployment, widen income disparities both within and between countries. A central policy challenge for governments is to make the prosperity accessible to people. Growing inequality, is a scourge of our times. It is a problem both among and within the countries. Nationally, governments must work to create the internal conditions, while, internationally, conditions are to be created to bring low-income countries increasingly within the global system. More dramatically, severe financial crises lead to increases in poverty and social tensions threatening political stability. Interventions are necessary in social sphere mainly through elaboration of efficient social security policies and programmes to protect poor and unprotected.

### ***Institutional framework***

26. The international institutional architecture is facing important challenges from the globalisation. It is increasingly recognized today that the maintenance of global financial stability is becoming a very complex task. Capital moves very fast across national boundaries responding to changes in relative asset returns, flows of

information about investment opportunities and changes in national economic policies. Traditional instruments of monetary and financial control are, thus, less effective in this setting. The challenge for global financial institutions (the Bretton Woods Institutions) of coping with globalisation implies to deal with large scale volatility associated with globalisation, their resources are strained by the size of the rescue packages and the problems of stabilization are more complex due to the financial and social ramifications of the crisis.

27. Trade policies in the contemporary world stem from the multilateral negotiations and agreements within the framework of the Uruguay Round. Implementation of the Uruguay Round, launched in 1995, proceeds smoothly with the efforts to strengthen and adapt the global trading system on a basis of greater openness and universally shared principles. The WTO is the first major international institution offering consensus-building framework necessary to meet the really big economic and geopolitical challenges presented by a globalised world. It embodies rights and obligations that are enforceable not only through the economic power but through the rule of law. As the world trade grew by only 2% in 2001 from the year before, down from a 12% increase in 2000, it is of particular necessity that the new negotiations are held. In order to maintain an open, multilateral, worldwide trading system as a major vehicle for peace and prosperity among all nations, it is necessary to secure that developing and transition countries partake of global economic growth. The recent WTO Summit in Doha (Qatar) in November 2001 was especially important to seize the confidence in a world economy seriously affected by the terrorist attacks against the United States on 11 September 2001. The representatives of the 142 WTO member states gathered at the fourth summit to agree on the terms for launching a new WTO set of negotiations to further trade liberalisation. The Summit was a demonstration of resolve against terrorism and a commitment to rule-based multilateral world trade. It also welcomed, as from the beginning of 2002, China and Chinese Taipei as new WTO members.
28. As a forum of the representatives of all the nations, the United Nations, through the UN system organisations provides an unique political and diplomatic dialogue to settle disputes among the states and address global complex issues like overall peace and security, nuclear proliferation, climatic changes, ecological problems, poverty, healthcare, organised crime etc.
29. The World Economic Forum is an independent organization committed to improving the state of the world, acting in the spirit of entrepreneurship in the global public interest to further economic growth and social progress. The Forum serves its members and society by creating partnerships between and among business, political, intellectual and other leaders of society to define, discuss and advance key issues on the global agenda. In the markets where the Forum is involved, the Centre for Regional Strategies' develops and sustains networks of key leaders from business, politics and civil society. The unique networks created by the CRS share business knowledge and outcome-centred discussions and contribute to task forces on regional issues. Through these activities, the economic agendas of emerging markets are significantly advanced and their integration into the global economy is facilitated.

#### ***Role of the National Parliaments***

30. The national parliaments and their members, as the legitimate representatives of the people, bear a constitutional responsibility to protect the electors' interests. It is their role to add voice to the concerns and aspirations of the people to contribute to the

smooth flow of globalisation process through exchange of views and discussion on the main challenges and prospects facing particular countries and the region.

31. Parliamentarians should also make maximum use of the available legal mechanisms to ensure greater interaction between parliament and the civil society and its effective participation in globalisation. Greater parliamentary involvement can help make this process more widely understood and supported.
32. It is also the duty of the national parliaments to oversee government action in the field of economic development, democratisation, political stability and social policy in order to enact appropriate and adequate legislation.
33. Parliaments can and should take an active role in the ratification of international instruments pertinent to sustainable development and integration and to incorporate their provisions in national legislation.
34. The Parliamentary Assembly of the Black Sea Economic Cooperation in its Declaration on the Fifth Anniversary stressed “its full support to the actions undertaken by the BSEC in order to forge closer economic cooperation in the area” by participating “in major multilateral projects such as the harmonisation of legislation of the Member Countries by putting into practice laws and regulations in the fields of foreign trade regimes, banking and finance, investment protection ... to expand multilateral economic cooperation and gradually establish the BSEC Free Trade Area ... duly observing the obligations vis-à-vis the European Union, World Trade Organisation and other international instruments.
35. Parliamentarians have to intensify their activities in national parliaments and international parliamentary structures through cooperation with other parliamentary assemblies and organisations to examine the issues of globalisation and outline prospects for meeting the challenges of the new millennium.
36. PABSEC continues its active partnership with the internationally renowned parliamentary organisations like European Parliament, OSCE PA, PACE, IPU, IPACIS, etc., in order to secure efficient use of existing international instruments in the areas of common interest, including implementation of major multilateral projects and promotion of the joint policies for socio-economic situation.
37. It is noteworthy to mention that the Inter-Parliamentary Union at its Parliamentary Conference on the Role of the Parliaments in the shaping of the World Trade Agenda in Geneva in June 2001, suggested that a parliamentary dimension be set up to the process of the international trade negotiations and arrangements.

### III. CONCLUDING REMARKS

38. Globalisation, as a shared responsibility for a new partnership in the new millennium, has to unite the world into a single space of solidarity, coherence and political will for constructing better future within the harmonious global society.
39. The challenges and opportunities posed by globalisation need more integration and greater synergy between the member nations in order to shape broader perspective on mutually complementing national and internationally policies through comprehensive bilateral and multilateral initiatives and institutional contacts as well as participation in joint plans and programmes at regional and international levels.
40. Regional cooperation, involving the countries rather different in outlook, economic size and level of development in the interdependent milieu, provides an important

complement to the globalisation process serving as a preparatory step forward towards more integrated interaction.

41. More economic interdependence gives rise to a lengthening list of issues falling beyond the capacity of solving by separate countries alone. In this respect, it is important for the PABSEC countries to strengthen collaboration with the BSEC and its related bodies as well as respective European institutions and the international organisations to promote economic growth, stability and social welfare for efficient implementation of the BSEC Economic Agenda for the future.
42. Perception of borderless world of globalisation and global uniformity should not become a deceptive tool in the hands of powerful countries since partial application of globalisation may provoke disintegration rather than integration fracturing societies and regions.
43. The role of the parliaments and international parliamentary structures are to be strengthened in order to secure more active participation by civil society in the national, regional and global political life.
44. The international community has vision, will and resources to make a significant changes for the best through intensification of economic, political, social and cultural relations across borders and establishment of harmonious coexistence of the equal countries in peaceful, stable and prosperous globalised world.