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THEMENSCHWERPUNKT

Managing Change in Europe

Evaluating the OSCE and Its Future Role: Competencies, Capabilities, and Missions

Wolfgang Zellner*

Abstract: The past and present contribution of the OSCE to peace and stability, progress and change in the larger Europe is far greater than generally acknowledged. Despite its great merits, however, the Organization is facing a double adaptation crisis. The first cause of this is the necessity of adapting to new challenges and tasks. The second is the need to respond to strategic change in Europe, which has led to a stalemate within the Organization, primarily between Russia, the USA, and the EU states. The OSCE stands at a crossroads. If its member States succeed in agreeing on a meaningful reform agenda, the OSCE will have a future; if not, the Organization's relevance will be seriously undermined.

Keywords: OSCE, adaptation crisis, reform, new threats

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Executive Summary

The past and present contribution of the Organization for Security and Co-operation in Europe (OSCE) to peace and stability, progress and change in the larger Europe is far greater than generally acknowledged. The Conference on Security and Co-operation in Europe (CSCE), later the OSCE, has provided Europe with an inclusive framework for dialogue and co-operation, established basic elements of a pan-European space of democracy and the rule of law, and given essential assistance to its participating States in resolving conflicts, establishing structures of good governance, and implementing common commitments.

Despite its great merits, the OSCE is currently in the middle of a double adaptation crisis. This can either serve as a starting point for the participating States to redefine the Organization's functions and tasks, or will leave the OSCE severely reduced in relevance.

The first cause of the crisis is the Organization's need to adapt to new challenges and tasks. During the 1990s, intra- and inter-state conflicts were the number-one priority. Consequently, the OSCE developed unmatched competencies in conflict prevention, crisis management, and post-conflict rehabilitation. Today, however, the key focus of international security has shifted to transnational threats and risks, and the Organization has to develop new strategies and working instruments accordingly, such as thematic missions.

The second cause of the crisis is the OSCE's need to respond to the changing political constellation in Europe. EU and NATO enlargements have fundamentally altered the continent's political geography. Russian aspirations to consolidate its influence in the post-Soviet space have remained largely unsuccessful, and have been shaken by the developments in Georgia, Ukraine, and in Kyrgyzstan. This has profoundly influenced political relations between participating States and the place they give the OSCE among the European security organizations.

Together, these two developments have created the need for OSCE reform.

Strategic change has led to controversies within the OSCE, primarily between Russia, the USA, and the EU states. Russia wants to avoid sudden changes of regime in the post-Soviet space and perceives the USA and EU states as unfairly using the OSCE to bring about such change. Russia also perceives Western influence in the post-Soviet space to be growing at its expense. Consequently, the Russian Federation and Western states have come to disagree on regional issues, on the human dimension in general, election monitoring in particular, and on the further institutional development of the Organization. These opposing views have led to a stalemate, which up until now has blocked the necessary reform of the OSCE.

The essential precondition that must be met to break this stalemate and to start to address OSCE reform is for all parties to recognize that change in Europe will continue and that managing change and containing the dangers of change are both necessary and possible. Once the participating States accept

that this is a strategic task they must share and not a tactical contest between them, they will be able to begin to elaborate how the OSCE can contribute to this long-term challenge.

Provided that this basic common understanding can be achieved, the OSCE can not only continue to provide a stabilizing framework for security relations between states and state groupings in its geographical space, but can help focus their efforts on substantive tasks of even wider relevance. Two priorities should be:

- *Addressing transnational threats and risks.* This fairly new yet critical task aims to address issues such as the root causes of terrorism; trafficking in human beings, drugs, and weapons; and illegal migration flows. It seeks to do so by means of a concept of peace-building that aims both at strengthening state capacities and at developing transnational coalitions of civil-society actors. To address this increasingly important challenge, the OSCE and its participating States should create new working instruments, such as thematic missions.
- *Assistance in resolving »frozen conflicts« and preventing new ones.* Although this task is by no means new, it is both timely and urgent. While accelerated change can exacerbate the negative effects of unresolved frozen conflicts, the chances for their resolution should increase as the general level of conflict and tension in the OSCE space falls and the common need to combat transnational threats is recognized. The OSCE and its participating States should therefore develop new initiatives to contribute to the resolution of the frozen conflicts in Transnistria, Nagorno-Karabakh and South Ossetia. It is also essential that the Organization maintains and strengthens conflict prevention activities in places such as the former Yugoslav Republic of Macedonia (FYROM), Central Asia, and the South Caucasus, and peace-building work in war-torn societies such as Bosnia and Herzegovina, Kosovo, and Tajikistan.

In redefining the OSCE's future, it is essential that States do not give up, compromise, or water down OSCE principles, norms, and commitments in any of its dimensions. Even if this might offer political short-term gains, it would be the beginning of the end of the OSCE as a values-driven organization.

If the participating States can reach a consensus on the Organization's future functions, they should adapt its working structures accordingly. Here, the essential task consists in strengthening the OSCE's continuity, co-ordination, and co-operation functions by upgrading the competencies of the Secretary General and streamlining the structures of the Secretariat.

The OSCE stands at a crossroads. It addressed the »Challenges of Change« in Helsinki in 1992, in Porto in 2002 it identified the task of »Responding to Change«. Now it has to adapt its policies and instruments once more to the long-term task of managing change in Europe. If its participating States cannot agree on a meaningful reform agenda, the Organization's relevance will be seriously undermined and it can expect to be reduced to a kind of stand-by existence, having lost most of its operational activities. This minimal option represents

a clear regression. It would threaten security and stability in Europe, and would reflect the participating States' inability to make full and sincere use of multilateral options to meet their common challenges.

However, if the participating States succeed in agreeing on a meaningful reform agenda, the OSCE will have a future. It will not have a dominant role in the dynamically changing pattern of European organizations, and may indeed become a more limited and specialized actor. But its specialized contribution will be a vital one of providing a stable pan-European security framework while addressing specific threats and risks on the basis of a comprehensive *acquis* of common values, norms, and shared commitments and drawing on its expertise and operational capacities. This optimal option represents the best possible future available to the OSCE.

1. Introduction

The OSCE's past and present contribution to peace and stability, progress and change in the larger Europe is far greater than generally acknowledged. The CSCE/OSCE has provided Europe with an inclusive framework for dialogue and co-operation, established basic elements of a pan-European space of democracy and the rule of law, and given essential assistance to its participating States in preventing violence, resolving conflicts, establishing structures of good governance, and implementing common commitments.

The question we have to consider at the current juncture is whether the Organization's role can be maintained in the future or whether it will shrink or change in functional terms.

The relevance of international organizations and their very existence depend on the changing threats and risks their member states are exposed to, and on how states decide to make use of international organizations to meet these challenges. To clarify possible options for the OSCE's future role, therefore, it is necessary to determine which tasks and functions the Organization can carry out in a substantially changed strategic environment and amidst the changing interests of its key participating States.

Following an introduction to the OSCE's historical development and the current crisis, this report will

- examine the impact of the changed strategic environment on the interests of key participating States in utilizing the OSCE;
- analyse the changed nature of threats and risks societies and states face on the global level as well as specifically within the OSCE area;
- analyse the current status of the OSCE's fields of activity and institutional structures, and make recommendations on how they can be adapted to meet the challenges ahead.

The report closes by sketching two possible options for the future of the OSCE: a minimal option where the Organization is reduced to a bare minimum and a best possible future where optimal use is made of the Organization's potential.

2. The Historical Development of the OSCE and Its Current Crisis

Bridging contradictions between Europe's various political regions and providing them with a broad framework for dialogue and co-operation has always been the core mission of the CSCE/OSCE. In fulfilling this role, the Conference/Organization has performed four basic functions with varying degrees of intensity at different times:

- A *normative function* to establish commonly agreed principles, norms, and rules for international and domestic (state) behaviour, including a role as a normative mediator.
- An *international-security function* aimed at maintaining stability and security between states in Europe by means of normative commitments, dialogue, and co-operation in areas such as arms-control and confidence- and security-building measures (CSBMs).
- A *conflict-management function*, directed at the domestic situation in individual states as well as inter-state relations, comprising early warning, conflict prevention and resolution, and post-conflict rehabilitation.
- Finally, following the collapse of the communist regimes in Europe, a security-related *good-governance-assistance function* aimed at providing the transition states with support in implementing good governance as they progress towards democracy, the rule of law, and market economies.

With its 30 years of history, the OSCE is a relatively young institution. Nevertheless, one can distinguish three distinct phases of its development.

CSCE I: Management of Confrontation during the Cold War

The Cold War situation was characterized by two politico-military blocs separated by a clear dividing line. The CSCE was an essential instrument for the leaders on both sides. It enabled them to manage this confrontational situation and to overcome it, at least in part, by entering into what has been called »antagonistic co-operation«. In doing so, they were actively supported by a group of dedicated neutral and non-aligned states, for which the CSCE provided a welcome security forum. The CSCE's basic approach consisted in establishing a framework for continuous dialogue and elaborating a comprehensive set of security-related principles and commitments, enshrined in the 1975 Helsinki Final Act, followed by discussions and other practical steps for their implementation. The CSCE's dominant functions at that time concerned norm-setting and security-building. The basic method of bridging the gap between divergent interests was to assemble »package deals« that balanced and integrated the needs of different parties. Although the CSCE's primary function during this period consisted in managing the status quo, its evolving normative *acquis* has proved to be a major agent of peaceful change in the transition from authoritarian to democratic rule.

CSCE/OSCE II: Conflict Management until the Late 1990s

The transformation of Central and Eastern Europe brought the East-West confrontation to an end. Clear-cut spheres of influence began to dissolve. For the Central European states, which reoriented themselves towards the West, the primary question was how quickly integration would occur and in what form. Russia, on the other hand, after a brief period of enthusiasm, was preoccupied with trying to reconsolidate its influence in the former Soviet space within the framework of the Commonwealth of Independent States (CIS).

During this period, the CSCE reinvented itself for the first time. The primary challenges, particularly during the early years of this phase, were to prevent violent conflict from breaking out in various transition countries and to contribute to ending hostilities where they could not be prevented from starting. With its 1990 Charter of Paris, the 1992 Helsinki Document »The Challenges of Change«, and the 1994 Budapest Decision »Towards a Genuine Partnership in a New Era«, the CSCE, more rapidly than any other international organization, created an extensive toolbox of instruments for conflict prevention, crisis management, and post-conflict rehabilitation. The centrality of the human dimension for the CSCE's norms was underlined in the 1990 Copenhagen and 1991 Moscow Documents. The CSCE built up operational capabilities, deployed them in the field, and, in the process, transformed itself from a conference into an organization. In the early 1990s, arms-control measures and CSBMs under the aegis of the CSCE helped to manage the parcelling out of the military legacy of the Soviet Union among its successor states. During this period, while all four CSCE functions remained effective, their character and relevance changed. And although important new normative commitments were created at the start of the 1990s, particularly in the field of human and minority rights, but also regarding the use of military power, the main focus of the normative function later shifted to socialization and implementation. The OSCE's classical international-security function gradually declined in importance. Its conflict-management function, however, gained prominence reflecting qualitatively improved inter-state relations, on the one hand, and a series of emerging limited conflicts primarily within states, on the other. The Organization's good-governance-assistance function was first established during this period; it has continuously grown in importance by addressing the root causes of instability and insecurity, namely poor governance by weak and over-stretched states.

OSCE III: Adaptation Crisis since the Late 1990s

The character of the dominant threats and risks affecting the OSCE area has changed once again. Although inter-state conflict and intra-state violence – in the form of inter-ethnic, regional, or separatist conflicts – remain important problems, transnational threats and risks have increasingly become the dominant challenge. While all international actors have started to address these issues, the development of long-term strategies is still in its early stages.

This change in the nature of the challenges facing Europe and European organizations parallels strategic changes on the global level. Intra-European conflicts are no longer at the top of the global security agenda. The focus of attention has shifted to regions such as the Middle East, Africa, and East Asia. Within Europe, the enlargements of the EU and NATO and the unsuccessful attempts by Russia to reintegrate the post-Soviet space have left spheres of influence poorly defined, and have created the perception by many in the Russian Federation that their country is isolated or even encircled by unfriendly regimes. This has resulted in unresolved conflicts of interests between Russia and Western states.

Consequently, the OSCE finds itself in the midst of a double adaptation crisis. On the one hand, it has to address a new category of threats and risks, on the other, its participating States struggle with disputes among themselves. While the Organization runs close to twenty field operations, it is unable to agree on common policies in many areas. At three of the last five Ministerial Meetings, the participating States were not able to agree on a concluding statement. The situation has escalated to become an open crisis that increasingly endangers the Organization's practical work. The current Chairman-in-Office, Slovenian Foreign Minister Dimitrij Rupel, expressed this point forcibly in *The Washington Post* on 7 March 2005: »I sense a hardening of attitudes on all sides, and I hear rhetoric uncomfortably reminiscent of the Cold War. If the impasse continues, the OSCE's credibility and its survival will be in jeopardy.«

However, for the OSCE, a crisis has always also been an opportunity to adapt to new realities. The 2004 Sofia Ministerial Meeting established a Panel of Eminent Persons to »provide strategic vision for the Organization in the twenty-first century«. The report of the panel, which was submitted at the end of June 2005, is to be followed by high-level consultations in the autumn of this year that will set the scene for negotiations on the future role of the OSCE.

3. Strategic Change and Evolving State Interests

Both the European and the global strategic environments have profoundly changed during the last fifteen years. This has substantially altered the interests of participating States and will play a major role in deciding the future relevance of the OSCE.

3.1 Adapting to a New Political Environment

While strategic change is far more comprehensive than can be analysed here, the following three trends specifically influence the OSCE's future function and tasks: the decreasing frequency and intensity of intra-European violent conflicts alongside the increase in transnational threats to the security of both states and individual citizens, EU enlargement and functional change, and the largely unsuccessful attempts of Russia to consolidate its influence in the CIS region.

First, the number and intensity of intra-European violent conflicts are clearly decreasing. While this is good news and reflects success in resolving or at least containing these conflicts, it also means that an international organization dealing exclusively with European security, such as the OSCE, will decline in importance unless it succeeds in redefining its tasks according to new needs. The decreasing intensity of intra-European violent conflicts gives States and international organizations more room to find answers to the still unresolved conflicts in the Balkans, Eastern Europe, and the South Caucasus, and to prevent new ones in Central Asia and other parts of the continent. At the same time, regions adjacent to the OSCE area, in particular the Middle East, harbour (potentially) violent conflicts that could impact on the OSCE region, and the OSCE should pay more attention to these threats by extending its outreach activities.

Second, the enlargement of the EU and its adoption of new functions have fundamentally influenced the political geography and the institutional division of labour in Europe. While the most recent enlargement of the EU already included smaller parts of the former Soviet space in the form of Estonia, Latvia, and Lithuania, larger ones are eager to follow. In the framework of its neighbourhood policy, the EU has increased its interests in countries such as Ukraine, Belarus, and Moldova. The EU played a visible role in the management of democratic change in Ukraine in 2004. It has deepened its relations with Russia by adopting, at the EU-Russia Summit on 10 May 2005, a single package of four »Road Maps« for the long-term creation of a Common Economic Space; a Common Space of Freedom, Security and Justice; a Common Space of External Security; and a Common Space of Research and Education, Including Cultural Aspects.¹ At the same time, the EU has accepted competencies and developed instruments across the whole spectrum of civilian and military conflict prevention and crisis management. Both EU and NATO have taken on a global crisis intervention role.

Third, the Russian Federation has remained largely unsuccessful in consolidating its influence in the CIS region. Against this background, Russia has perceived recent developments in Georgia, Ukraine, and Kyrgyzstan as a threat, and has seen the OSCE as one of the agents of change. Consequently, many in the Russian Federation believe that Russia is being isolated or even encircled by potentially hostile states. A further problem is Russia's failure to settle the Chechen conflict, which is also associated with a serious danger of horizontal escalation to other parts of the (North) Caucasus and beyond.

Each of these three trends has the potential to severely impact on the future role of the OSCE. If its participating States cannot agree on a new function and new tasks for the Organization, its current status will be increasingly undermined and its relevance called seriously into question. In order to achieve a better understanding of the chances of such an agreement being reached, it is necessary to take a closer look at the OSCE-related interests of three key actors: the Russian Federation, the United States, and the European Union.

¹ Available at: http://europa.eu.int/comm/external_relations/russia/summit_05_05/index.htm (June 2005).

3.2 The Interests of Key Participating States and Groups of States

The OSCE is an inter-governmental organization made up of participating States. The balance of states' interests decisively influences the Organization's future role. While all participating States' interests and activities are important for the OSCE, this paper limits its analysis to the interests of three key players: the Russian Federation, the USA, and the EU.

3.2.1 Loss of Ownership: The Russian Federation

Over the last fifteen years, Russia's positive interests in the CSCE/OSCE have continuously decreased while disincentives to engage with the Organization, its goals and activities have tended to grow, especially during the past five years. In the early 1990s, Russia continued to follow the Soviet course of taking a strong interest in the CSCE. By the 1994 Budapest Summit, Russia's prime objective consisted in transforming the Organization into a UN-type umbrella security organization on a legal basis and with binding competencies. The revamped Organization would have included a sort of Security Council (Executive Committee) that would have replaced or at least taken precedence over NATO. This approach failed because Western states preferred to enlarge their own (security) organizations rather than to create a new one. The 1999 Kosovo war was a key experience for Russian policy-makers and a turning point in their relations with the OSCE. The Organization not only proved unable to resolve the crisis, but, from the Russian perspective, was actually used by NATO to start a war, while Russia was unable to exert any influence over the course of events.

Another longstanding Russian interest in the OSCE was its advocacy on behalf of the Russian-speaking minorities in Estonia and Latvia. Moscow was disappointed with the closure of the OSCE Missions to Estonia and Latvia at the end of 2001, and vehemently opposed this action.

Russia does have a serious interest in European arms control. While Moscow's interest in the ratification of the Adapted Conventional Armed Forces in Europe (CFE) Treaty is based more on political than military considerations, its interest in potentially destabilizing developments not covered by arms-control treaties, such as new NATO bases close to Russia or long-range weapons, is a reflection of genuine security concerns. This interest is manifested in Russia's call for a seminar on military doctrines. Russian interest in economic and environmental matters continues, but is essentially marginal.

The Russian Federation is broadly interested in the OSCE taking on a role in addressing transnational threats. Anti-terrorism is not a new issue for Moscow, which has regularly warned of terrorism and extremism in the Caucasus since the early 1990s. Russia has also feared the rise of religious fundamentalism in Central Asia. The 2001 Bucharest Ministerial Meeting was salvaged by the agreement of participating States on anti-terrorism issues. Since the Ministerial, Russian representatives have consistently referred to the OSCE's anti-terrorism efforts

as the Organization's top priority. However, in its own dealings with terrorism, Russia primarily follows a unilateral military approach, which is showing itself ineffective in addressing the root causes of terrorism. While the OSCE focuses on longer-term conditions, Russia targets more immediate threats – Chechnya being the most extreme example of counter-terrorism activities being narrowly focussed on military instruments.

While Russia has a certain interest in the OSCE playing a role in Nagorno-Karabakh, South Ossetia, and Transdniestria, it was seriously disappointed by the OSCE's rejection in late 2003 of the Kozak Memorandum, a Russian initiative outside the agreed negotiation format that aimed to resolve the conflict.

During the last five years, Russia's waning positive interest in the OSCE has been increasingly combined with a distinctly negative attitude. The leadership of the Russian Federation is frightened by unexpected changes in its perceived sphere of interest, and it sees the OSCE as one of the agents of change. Russian reactions include continued attacks on the validity of OSCE election-monitoring and other human-dimension activities. Moscow's more general complaint is that certain participating States use the OSCE to intervene in the domestic affairs of others. The latter points figured as key items in the Moscow Declaration and the Astana Appeal signed by a number of CIS states in 2004. With these two documents, the Russian Federation has questioned the principle contained in the 1991 Moscow Document that »commitments undertaken in the field of the human dimension of the CSCE are matters of direct and legitimate concern to all participating States and do not belong exclusively to the internal affairs of the State concerned«. Instead, Russia appears to be returning to its old argument of non-intervention based on Principle Six of the Helsinki Final Act, which most participating States consider to have been merely interpreted by the 1991 Moscow Document. Another example of Russia's selective use of OSCE commitments is its violation of the commitment not to deploy troops in foreign countries without the consent of the host state – as Russia did in Georgia and continues to do so in Moldova.

All things considered, the current balance of Russian interests in the OSCE is negative. While some limited positive interests remain, they are clearly outweighed by negatives. Consequently, the Russian Federation has widely lost its sense of ownership in the Organization. Whether this will change depends on three questions: The first is whether Russia will see advantages in accepting an OSCE role in managing change and containing the dangers of change in countries neighbouring Russia, namely in Belarus, in Central Asia, and possibly even within the Russian Federation itself. The second question is whether the participating States will agree to give more weight to the OSCE's security dimension in general, and to the question of addressing transnational threats in particular. The third question is whether Russia may use its new special relationships with NATO and the EU to address what it perceives as these organizations' intrusions upon its interests rather than using the OSCE for this purpose.

3.2.2 Focus on Democratic Change: The United States

The US position on the OSCE is framed by its current attitude of unilateralism and distrust toward international institutions. In this regard, however, the OSCE is relatively weak and non-constraining, and the US has in the past frequently used it to pursue specific policy goals. At the same time, however, US security concerns are now increasingly focussed on conflicts outside Europe. Consequently, when the US does substantially engage with international organizations, it prefers to deal at a more global level (UN, G8). And where Europe is concerned, Washington's chosen instruments are NATO and the EU. While the US Mission to the OSCE remains active and committed, it has little influence on senior Washington decision-makers. However, the US still regards the OSCE as a means for decision-making on a number of issues in which it has an interest.

US interest in arms control is limited. Arms-control instruments are generally suspected of being ineffective at best and of limiting the operational room for manoeuvre of US armed forces at worst. There is, however, some indication that progress concerning the ratification and entry into force of the Adapted CFE Treaty cannot be ruled out, *first*, because this is an issue below the level of strategic US interests, and *second*, because the recent Georgian-Russian agreement on the withdrawal of Russian armed forces removes one of the most important obstacles to ratification.

Washington's interest in the OSCE's economic and environmental dimension has been limited since it became clear not only that the forum is unsuited for addressing major economic issues, but also that the EU is not prepared to let it do so. Conflict resolution under the *aegis* of the OSCE is still seen as a US interest, although this depends on Russian co-operation. Consequently, the main interest of the US in the OSCE concerns human-dimension issues: election monitoring, freedom of religion or belief, and the fight against intolerance, discrimination, xenophobia, and anti-Semitism. The most important issue of concern for the USA where the OSCE plays a key role is democratization and democratic change in countries such as Georgia and Ukraine. Washington would like to encourage equivalent developments in Belarus and other countries of the region as well.

While there is a clear US interest in the OSCE's anti-terrorism efforts, there is also a certain ambiguity between its more unilateral and operational short-term approach and the OSCE's focus on the root causes of terrorism and the upholding of human-rights standards when pursuing counter-terrorism activities. There is clear and active US support for arms-control measures related to anti-terrorism such as export controls on Man-Portable Air Defense Systems (MANPADS) and the destruction of surplus weapons and ammunition.

To sum up, the main focus of US interest in the OSCE's human-dimension efforts is precisely what upsets the Russian Federation and some other CIS states most. As a result, the most contentious question for the US and Russia might not be what positive steps the OSCE could take in the future, but what it might refrain from doing in this one area – the area

that is perceived by the US (and others) as democratization, and by Russia as destabilization. Although Russian interest in arms control has so far not been required by the US, progress could be achieved if the US were to merely make some small changes in its position on this issue. With regard to the OSCE's anti-terrorism efforts, the two states are closer here than in other areas. What remains to be seen is whether this area of agreement can be broadened to give the OSCE a more comprehensive role in addressing transnational threats and risks.

3.2.3 Closeness to OSCE Philosophy: The European Union

In recent years, the EU has been preoccupied with its own enlargement and institutional development, with transnational and non-European security challenges, and with trans-Atlantic disagreements related to the latter. To the extent that it focuses on traditional security issues within Europe, it deals with the following issues: *First*, on the basis of the Stabilization and Association Process, the EU has taken on a long-term commitment for stability and prosperity in the Western Balkans. There is close co-operation between the EU and the OSCE in Croatia, FYROM, and Kosovo. *Second*, in the framework of its new neighbourhood policy, the EU shows considerably more interest in countries such as Ukraine, Belarus, and Moldova. *Third*, to strengthen bilateral relations with Russia, road maps for the four »Common Spaces« were adopted at the EU-Russia Summit in May 2005. In addition, the EU can mobilize incomparably larger resources devoted to the stabilization of its neighbourhood than can any other international organization or state.

The institutionalization of the Common Foreign and Security Policy and the European Security and Defence Policy (CFSP/ESDP) has led to the development of autonomous EU capacities for (civilian) crisis prevention and conflict resolution, areas that are also core competencies of the OSCE and in which it had hitherto enjoyed a kind of monopoly. Although this development is necessary and strengthens overall European capacities for crisis management, it makes it urgent to rethink the co-operation between the EU (Commission and Council Secretariat) and the OSCE in more concrete terms. In doing this, it should be borne in mind that the EU's capacity and political will to act autonomously in the Caucasus and Central Asia are still limited and will remain so in the next few years. While it is too early to assess the consequences of the failed ratification of the European Union's constitution, it is evident that the EU will be in need of more co-operation with other international organizations including the OSCE to implement its stability-related policies, in particular its neighbourhood policy.

In terms of concrete activities, the EU's most prominent interest certainly concerns the OSCE's human dimension; the European Commission funds a considerable number of projects set up by the Office for Democratic Institutions and Human Rights (ODIHR) in Central Asia. The EU shares with other countries a sympathy for an enhanced OSCE role in addressing transnational threats. With regard to the EU's key concern of securing its borders, the OSCE can contribute related activities, not

only in regions directly neighbouring the EU, but also in the South Caucasus and Central Asia. Although the EU is more interested in arms control than the USA, it has not yet managed to elaborate its own arms-control strategy on the core issues (conventional arms, CSBMs, but also small arms and light weapons) that the OSCE deals with. The EU tends to block the OSCE from dealing with economic and environmental issues, which are seen as an EU core competency.

Including its associated and candidate countries, the EU accounts for more than 30 of the OSCE's 55 participating States and provides some 70 per cent of the Organization's budget and personnel. By this token, the EU is a key player in the OSCE. Another factor that might play an even more important role can be formulated as follows: Although EU member states differ widely in their foreign policy traditions, the Union as such, by virtue of its own history and development, shares many characteristics with the OSCE. In particular, both pursue a multilateral, comprehensive, and co-operative policy approach based primarily on non-military means. This aspect is underlined by the activities of a range of smaller EU member states sympathetic to the OSCE. Making better use of the closeness of the EU's basic philosophy to that of the OSCE – the concrete impact of which is still hampered by the slow pace of EU decision-making and its scattered competencies – is one of the greatest challenges that the four successive OSCE Chairmanships held by EU member states (Slovenia, Belgium, Spain, and Finland) will be facing in the years 2005-2008.

3.3 Balancing State Interests: Defining the Future of the OSCE

It seems fair to start from the assumption that no participating State is ready to dissolve the OSCE, although very few states will be striving to restore it to its predominant position among European security organizations. The challenge facing the participating States will therefore be to find the OSCE's proper level between these two extremes and to define its functions and tasks accordingly. The relationships between the interests of the various states and groups of states and the potential for compromises are highly complex: There might be agreement among the states on certain goals they want to achieve, and on other outcomes they wish to avoid; there may also be both common and conflicting interests within certain working fields, and asymmetric constellations of interests among several of the OSCE's dimensions. Thus, the results of the participating States' negotiations on the future of the Organization – which might well develop into a longer process rather than being achieved in a single step – might take on the form of complex »package deals« in the tradition of the early CSCE.

Interests in Addressing New Threats and Risks

If anything accords with the interests of all the key actors within the OSCE, it is the desire to address the broad range of new transnational threats and risks that either directly (terrorism, organized crime, trafficking), or indirectly (e.g. demographic

developments, migration, economic disparities) undermine European stability. While all the major players agree on the high priority of these issues, there is less accord on concrete strategies and actions. However, there exists at least a common starting point for the joint development of a suitable strategy.

Interests in Arms Control and Conflict Resolution

Contrary to widespread assumptions, it might not be impossible to find some common ground in the field of arms control. It should not be too difficult to agree on the long-standing Russian demand to hold a seminar on military doctrines. This would be the right place to define the need for further steps, such as a new generation of CSBMs directed at new destabilizing tendencies, or the rethinking of sub-regional CSBMs. Even with regard to the most contentious issue of the ratification and entry into force of the Adapted CFE Treaty, a breakthrough would seem possible if progress can be made on Moldova following the Georgian-Russian agreement on the withdrawal of the Russian forces from Georgia. Altogether, these points could create a certain, admittedly modest, dynamic in European arms control, which would improve the general political climate and contribute to a better balance among the OSCE's dimensions.

Although there is currently no decisive movement concerning the resolution of the frozen conflicts, progress in at least one of these cases cannot be excluded. On behalf of the Co-chairs of the Minsk Group, a number of OSCE participating States sent a fact-finding mission to the occupied areas of Nagorno-Karabakh in spring 2005. Negotiation activity facilitated by the Co-Chairs of the Minsk Group has been stepped up, high-level bilateral discussions seem to be proving constructive. A breakthrough in Nagorno-Karabakh would represent a significant success for the OSCE and could even lead to some form of low-key OSCE peacekeeping and other rehabilitation work.

Although many uncertainties remain, the first dimension offers several opportunities to the participating States to recover common ground. The key problem thus seems to be disagreement over the human dimension.

Interests in the Human Dimension

The core problem in agreeing on a viable package deal on the future role of the OSCE lies in the human dimension, whose norms have been intimately linked to issues of European security since the 1975 Helsinki Final Act. Given their own performance in the implementation of human-dimension commitments, it is unlikely that the Russian Federation and its supporters within the CIS will overcome their aversion to this dimension. Consequently, from the Russian perspective, the question is not how much more can be achieved here, but how far activities can be reduced.

This places the developed democracies in a rather difficult situation, particularly with regard to the emerging positive prospects in the first dimension. The key question concerns which compromises the developed democracies can agree

to and which they cannot. They will certainly not weaken the OSCE human-dimension *acquis* and its implementation. What is open for debate, however, is the question of whether there should be more human-dimension activities in Western countries. To achieve this, it would be necessary to create a general human-dimension monitoring instrument that covers all states without exception. It would also be necessary to create some political, not legal, consultation mechanism to deal with complaints made by states over reports issued by OSCE election observation missions. Furthermore, it is also vital to debate the relation between democratization and stability, which is a key issue in the larger context of managing change. It seems that any approach that neglects one side of this balance is mistaken. Nonetheless, even if the developed democracies show flexibility, the prospects of consensus in the human dimension remain uncertain.

Package Deals for the Management of Change

It can be assumed that a certain amount of common ground in the first dimension will be found. The critical question, however, is whether this will be sufficient to persuade the Russian Federation to accept human-dimension issues being stressed robustly enough to satisfy the EU, US, and other developed democracies. Another question is whether agreement on some elements designed to strengthen the institutional effectiveness of the OSCE – e.g. the role of the Secretary General or new forms of field operations – can contribute to an overall climate of compromise. All in all, it is unclear whether the potential agreements that may be reached will be broad enough to give the Organization an effective and worthwhile role. A related question is whether the high-level consultations scheduled for September 2005 will be a one-off occurrence or a starting point for a continued process of consultation and negotiation.

Considered more generally, the crucial question is whether the participating States can agree on the relevance of an inclusive and flexible organization for the management of change and for containing the dangers of change. A more specific question is whether the EU and Russia can agree on the desirability of the OSCE to serve as an instrument to cushion possible tensions between them beyond their bilateral relations. A related issue is whether the USA will continue to appreciate the value of the OSCE as another forum for trans-Atlantic co-operation besides NATO, which is currently facing its own crisis of adaptation. These broader deliberations will contribute considerably to answering the question of whether the participating States will be able to reach some compromise on the future role of the OSCE.

4. Addressing Transnational Threats and Risks

The OSCE Strategy to Address Threats to Security and Stability in the Twenty-First Century, adopted at the 2003 Maastricht Ministerial Meeting, acknowledges that threats of a politico-military nature are still a matter of concern for participating States and that addressing violent inter-state and intra-state conflicts remains a key task for the Organization. However, the

document also states that: »Threats to security and stability in the OSCE region are today more likely to arise as negative, destabilizing consequences of developments that cut across the politico-military, economic and environmental and human dimensions, than from any major armed conflict.«²

Consequently, this chapter discusses the most prominent features of transnational threats and risks, and the OSCE's comparative advantages and disadvantages in addressing them. This is the most salient challenge the Organization is currently facing. Its more traditional and better-known priorities, which remain valid, are dealt with in Chapter 5.

4.1 Characterizing Transnational Threats and Risks

Transnational threats and risks can be considered the dark side of the process of globalization that has become one of the most basic features of the system of international relations. Globalization, driven by a new scientific and technological revolution, increases the interdependence of states and societies, results in a new global division of labour, and increases the opportunities for co-operation leading to higher overall efficiency. Globalization also reduces the abilities of states and even international organizations to act, while enhancing the power of transnational actors, be they business groups, NGOs, criminal networks, or terrorist groups. Global competition creates winners and losers, leading to sharp asymmetries between different regions, countries, and social groups in economic, social, military, and ideological or spiritual terms. This asymmetric interdependence across the whole spectrum of human life provides the background for transnational threats and risks.

The category of transnational threats subsumes a wide range of phenomena, from terrorism to organized crime and trafficking in drugs, weapons, and human beings. Expanding the category to include phenomena that have a less direct relation to security makes it possible to add economic factors such as corruption, poverty, and high unemployment as well as environmental degradation, demographic change, widespread degradation of health, and practices of discrimination and intolerance. As diverse as these threats may be, they have some features in common.

Characteristics of Transnational Threats and Risks

Transnational threats are complex and of multi-dimensional and long-term nature. Trafficking in weapons, for example, concerns the security, economic, and human dimensions. While most transnational threats are of a non-military character, they can profoundly affect the security of states, social groups, and individuals. However, some of them, such as terrorism, have a distinct military dimension with terrorists applying asymmetric methods of unconventional warfare.

² OSCE, Eleventh Meeting of the Ministerial Council, Maastricht, 1 and 2 December 2003, OSCE Strategy to Address Threats to Security and Stability in the Twenty-First Century, p. 1.

Transnational threats are multiply interlinked. Drug trafficking is one of the most important sources of funding for terrorism; terrorism utilizes the structures of organized crime, which again foster all kinds of trafficking. Weapons of mass destruction in the hands of terrorists represent the worst nightmare that can be imagined. But even the spread of small arms and light weapons has stimulated violence in the OSCE region, as for example in the former Yugoslav Republic of Macedonia in 2001. Political extremism, intolerance, and discrimination can prepare the ground for terrorism.

Transnational threats represent a global phenomenon by their very nature. Threats originating from outside a specific region affect security and stability within other regions. This aspect is all the more important as the OSCE area is adjacent to regions of violent conflict, particularly the Middle East.

Actors associated with transnational threats are usually non-state entities. They frequently do not have a public face and are far more difficult to address than nation states. As for transnational risks such as demographic developments or environmental degradation, »actors« can only be associated with the failure of competent state agencies to act.

Transnational threats do not emerge out of a vacuum. Weak and overstretched states provide the most important breeding ground for transnational threats, either in the form of criminal and/or extremist actors that cannot be marginalized and may even be supported by corrupt officials, or in the shape of economic, ecological, or social-dysfunctional developments that cannot be contained by governments. However, both organized crime and the support structures of terrorism have also proven their ability to survive in highly developed states.

Violent conflict breeds transnational threats. Relevant in this context are those internationally unrecognized pseudo-states that have been established in the cases of frozen conflicts, where the »state« is essentially little more than an instrument for the unlimited enrichment of those in power. These states have often become »black holes« in which criminal groups and terrorists may operate with relative impunity.

Transnational threats affect states and population groups in both developed and less developed regions. In terms of their threat potential, they represent some of the real hard-security issues of our time.

Because transnational threats reflect basic features of the process of globalization, they represent a category of problems that cannot be simply solved, but at best contained. Even at this more modest level, no state or international organization can claim to have viable answers. While most activities concentrate on (necessary) operational short-term approaches, long-term strategies to address the root causes of transnational threats are still widely neglected.

Functional Prerequisites of a Long-Term Approach to Transnational Threats

First, transnational threats and risks can only be effectively addressed by means of a cross-dimensional and long-term approach. What is easy to analyse, is extremely difficult to do.

Working structures of states and international organizations are heavily compartmentalized and oriented toward short-term success. In addition, properly addressing transnational threats requires thorough analytical preparation and long planning horizons.

Second, transnational threats and risks must be addressed with a global approach. Consequently, the UN is the necessary lead agency and should make proper use of regional arrangements, such as the OSCE, and other international and transnational actors.

Third, a proper balance between short-term (operational and tactical) and long-term (strategic) approaches to address the structural root causes of transnational threats has to be found. This must include a division of labour between organizations oriented more toward the first group of tasks and those working more in the second area. Long-term approaches naturally entail a need to engage in long-term commitments and planning.

Fourth, addressing transnational threats requires the (re)strengthening of weak state structures *and* civil-society actors. While the report of the UN High-level Panel on Threats, Challenges and Change of 2 December 2004³ rightly focuses on the strengthening of state capacity and international co-operation, it widely neglects the role of transnational civil-society actors. However, if it is true that globalization means a loss of both states' and international organizations' ability to act, success in addressing transnational threats can only be achieved by building a new type of coalition between state, international, and (trans)national civil-society actors. Malign transnational actors can only be successfully managed by engaging benign transnational actors.

Fifth, all this means that the new category of transnational threats cannot be addressed effectively using only the working instruments that have been developed for other types of challenges. Consequently, the existing working structures of both state institutions and international organizations have to be adapted and new ones need to be created with the main focus on creating opportunities for coalitions with civil-society actors.

4.2 The OSCE's Comparative Advantages and Disadvantages

Analysing the OSCE's comparative advantages and disadvantages in addressing transnational threats and risks means both inquiring where comparative advantages are not sufficiently exploited and looking for ways to compensate for disadvantages as far as possible.

Specific Comparative Advantages of the OSCE

First, the OSCE's comprehensive concept of security with its focus on soft security issues represents an essential comparative

³ United Nations, General Assembly, A more secure world: our shared responsibility, Report of the High-level Panel on Threats, Challenges and Change, 2 December 2004 (A/59/565).

advantage. Complex issues require a complex response – one which looks at a range of root causes and comprehensive solutions. However, much of this advantage is negated by the institutional division between the three OSCE dimensions and the difficulties of co-ordination among them that make it more difficult to address multidimensional threats by means of cross-dimensional approaches.

Second, the OSCE's political and geographical inclusiveness represents another important comparative advantage. It makes a great difference whether an international organization deals with a certain country or region from within, based on mutual assistance, or from without, possibly based on a system of conditionality. However, this great advantage is undermined by the overly narrow methods of consultation that characterize the Organization's day-to-day political work and fall short of the ideal of inclusiveness. In addition, participating States must solve their current political disputes to profit fully from the principle of inclusiveness.

Third, one of the greatest comparative advantages of the OSCE is its vast field experience collected over more than a decade, together with its flexible system of deploying, managing, and closing field operations. Most field operations, and particularly the larger ones, are still predominantly oriented towards tasks related to intra-state and inter-state conflicts, including post-conflict rehabilitation. While these tried-and-tested forms of field operations remain necessary, new forms of mission addressing transnational threats, such as »thematic missions«, should be created, building on the OSCE's extensive field experience.

Fourth, the inclusion of civil-society actors in its activities constitutes another important comparative advantage of the OSCE, particularly in view of the need to build up broad coalitions to address transnational threats. This openness to civil partners is most fully developed in the human and environmental dimensions as well as in the work of the field operations. If other fields of activity follow this approach, the inclusion of civil-society actors could develop into one of the decisive strengths of the OSCE.

Specific Comparative Disadvantages of the OSCE

First, the OSCE is a regional and not a global actor and, in addition, lacks the means for effective global outreach. In view of the global character of transnational threats and the need for global approaches, this constitutes an undeniable comparative disadvantage that can only be partially overcome by the OSCE acting alone. One way to overcome this is to make greater use of the capacity of the OSCE as a regional arrangement under Chapter VIII of the UN Charter and to support the UN in addressing specific transnational threats, as has already been done in the field of counter-terrorism. Other possibilities include enhancing outreach and co-operation activities with the Mediterranean and Asian Partners.

Second, the OSCE does not have any authority or mechanism to adopt legally binding measures that can be implemented within states against non-state actors. However, the fact that OSCE commitments are politically but not legally binding makes it easier for the participating States to accept them.

Third, the shortage of resources, and particularly the lack of long-term resource commitments, probably constitutes the OSCE's most serious comparative disadvantage. In many areas, this means that OSCE activities are little more than symbolic and all too rarely produce concrete results. The lack of financial commitments extending over a number of years makes long-term planning nearly impossible.

Fourth, and closely related to the third point, the lack of mechanisms for making use of lessons-learned, and the shortage of analytical and planning capacities constitutes a significant comparative disadvantage, particularly in view of the longer-term planning and implementation horizons necessary for addressing transnational threats.

In sum, the OSCE has a significant stock of comparative advantages that can be further developed to enable it to effectively address transnational threats on a long-term basis together with (trans)national and international partners. To achieve this aim and to compensate for its disadvantages, three crucial conditions have to be met:

- The participating States must commit themselves to engaging the OSCE in addressing transnational threats on a long-term basis.
- The participating States should provide the resources and, in particular, the long-term resources necessary to implement these commitments.
- On this basis, they should establish lessons-learned mechanisms and long-term analysis and planning capacities in the Secretariat, including a capability to provide support to OSCE field operations.

From the point of view of the security of the participating States and their populations, there is a clear need to address transnational threats on a more sustainable and long-term basis. The OSCE can make a substantial contribution to this. It is up to the participating States to decide whether they will entrust the Organization with this task.

5. Adapting the OSCE's Competencies, Capabilities, and Missions to the Challenges Ahead

This chapter analyses the Organization's fields of activity, its structures, procedures, and working instruments, and its cooperative relations, with the aim of defining strengths and weaknesses and areas where reform is necessary.

5.1 Fields of Activity

Although the division into three dimensions is not fully commensurate with the challenges ahead, this chapter follows this structure, which underpins the entire institutional outlook of the OSCE. However, the new cross-dimensional area of transnational threats and risks is treated first, followed by the politico-military dimension and conflict prevention, management, and resolution.

5.1.1 Addressing the Cross-Dimensional Challenge of Transnational Threats and Risks

The OSCE Strategy to Address Threats to Security and Stability in the Twenty-First Century refines the analysis of transnational threats and risks and formulates general answers and recommendations. However, the Strategy does not descend to the operational level. More detailed plans and operational capacities are distributed, quite unevenly, among the OSCE's various fields of activity. The spectrum ranges from well developed fields, such as police matters, via less developed areas, such as trafficking (in human beings), to areas where little more has been done than to identify issues of concern, as in the case of migration.

In the field of police matters, an area that is crucial for addressing many transnational threats, the OSCE possesses a functioning Strategic Police Matters Unit, and considerable project experience from Kosovo, Southern Serbia, Croatia, FYROM, Kyrgyzstan, and, most recently, Armenia. With this combination of strategy, capacities, and experience, the Organization has crossed the critical threshold that divides rhetoric from practical impact. As a result, the OSCE's police-related work has become a benchmark for other fields of activity. A regional border security and management project has been started in the Western Balkans; work on an OSCE Border Security and Management Concept is underway; and a small working group has been established in the Secretariat. The Action against Terrorism Unit in the Secretariat has successfully started work on supporting states with the ratification of the twelve UN anti-terrorism conventions, and in the areas of travel-document security and container security. Capacity-building and interoperability are important aspects of all these efforts, especially in regions such as Central Asia and the South Caucasus, where resources have not been sufficient to implement these goals adequately.

In the area of anti-trafficking, the OSCE adopted solid documents in Vienna in 2000 and in Maastricht in 2003. With the establishment of the Action Plan against Trafficking in Human Beings, a Special Representative on Combating Trafficking in Human Beings has been appointed, supported by an Assistance Unit in the OSCE Secretariat. In addition, a small Anti-Trafficking Unit exists within ODIHR, and the 11th OSCE Economic Forum has tasked the Office of the Economic and Environmental Coordinator to address these issues. However, the OSCE's work on trafficking still remains at the level of political rhetoric with only a few exceptions, such as seminars and awareness-raising campaigns, most of which are organized by OSCE field operations. The essential reason for this is the lack of personnel and budgetary resources. The establishment of a Thematic Mission on Trafficking in Human Beings in close co-operation with the EU and other regional and sub-regional organizations as well as civil-society actors would provide a clear signal that the OSCE is ready to make a serious effort to tackle transnational threats and to test new forms of field operations to this end.

Although some missions work across the whole spectrum of security-related capacity-building, the OSCE has no comprehensive concept for addressing transnational threats and risks that would identify clear priorities. Because such a concept necessarily builds on a comprehensive approach to security, the OSCE is well positioned to elaborate it. Conversely, the lack of such a concept threatens to undermine one of the OSCE's greatest comparative advantages, precisely its comprehensive approach to security, which cannot become fully effective so long as different issues are dealt with in isolation. The elaboration of a concept for addressing transnational threats and risks is thus one of the most urgent tasks the OSCE faces. This concept should include at the very least the OSCE's activities on anti-terrorism, policing, border security and management, and anti-trafficking.

The adoption of such a strategy would have important consequences for the OSCE's work: It would strengthen the need for closer co-operation with regional and sub-regional organizations; it would underline the necessity of formulating cross-dimensional strategies and adapting working structures and instruments to this end; and it would highlight the need for enhanced analytical and lessons-learned capacities within the Organization.

5.1.2. Revitalizing Arms Control

Arms control has not become obsolete. The CFE Treaty, the Vienna Document 1999, and other instruments provide Europe with a unique arms-control regime that is of continuing relevance. However, if it is not adapted to the evolving strategic environment, this regime will lose significance. During the last few years, the work of the Forum for Security Co-operation (FSC) has been predominantly devoted to implementation issues. The most recent adaptation of the Vienna Document took place in 1999, and it did not take into account today's destabilizing tendencies brought about by mobile warfare, long-range capabilities, and pre-emptive military doctrines. A seminar on military doctrines – as recently suggested by the Russian Federation – would therefore be a timely event and one that would build on the tradition of the CSCE, which convened such seminars in 1990 and 1991. Such an event could be the starting point for the definition of a new generation of CSBMs to address threats not yet covered.

Although the CFE Treaty does not belong to the OSCE agenda, it is of critical importance for the OSCE arms-control regime. The Adapted CFE (ACFE) Treaty, signed at the 1999 Istanbul Summit, has not yet entered into force due to the fact that NATO states consider the implementation of the 1999 OSCE Istanbul Summit commitments (withdrawal of Russian forces from Georgia and Moldova) in their entirety to be a precondition for ratification. The Russian Federation, while acknowledging the commitments it made in Istanbul, views them as not having any implications for the ACFE ratification process. Russia and the NATO states should facilitate a solution to the ratification problem. The recent agreement on the withdrawal of Russian forces from Georgia suggests that a solution could be within reach. NATO states could then start the ratification process in recognition of Russia's agreement with Georgia while with-

holding final ratification until an agreement is also made on the withdrawal of the Russian forces from Moldova. The entry into force of the ACFE Treaty would open it to the accession of new states parties, including the new NATO states of Estonia, Latvia, and Lithuania, whose accession is a longstanding desire of Russia. At the same time, the entry into force of the ACFE Treaty could open the door to the harmonization of existing European arms-control commitments.

One instrument that has already proved its worth and still has considerable potential to exploit is the elaboration of sub-regional arms-control measures and CSBMs – e.g. in the Black Sea or Baltic Sea – in co-operation with sub-regional organizations. The same is even more true of sub-regional arms control as an element of conflict resolution – on the model of Bosnia and Herzegovina. Although there is an urgent need for arms-control arrangements to contribute to the potential political settlement of the conflicts in Transdniestria, South Ossetia, and Nagorno-Karabakh, there has been little discussion of this issue up to now, the arms-control concept for the case of Transdniestria elaborated by the OSCE Mission to Moldova notwithstanding.

In 2001 the OSCE adopted a Document on Small Arms and Light Weapons, and in 2003 one on export controls on Man-Portable Air Defense Systems (MANPADS) as part of the effort to prevent these dangerous weapons from reaching the hands of terrorists. It has also undertaken initiatives in several regions to provide services for the destruction of dangerous surplus weapons. While all these efforts point in the right direction, they should be more closely linked to a more general plan to address transnational threats and risks. Furthermore, many of the recommendations contained in these documents and decisions have remained at the level of rhetoric and have not been fully implemented. While a comprehensive system of controls on small arms may be difficult to achieve, an effort to control the smuggling of light weapons across national borders should become part of a comprehensive effort at reducing the flow of illicit traffic across borders. Similarly, OSCE efforts in the destruction of surplus weapons and ammunition should be implemented in close co-operation with NATO.

5.1.3 Resolving »Frozen Conflicts« and Preventing New Ones

Facilitating the resolution of frozen conflicts and carrying out tasks in the areas of post-conflict rehabilitation and conflict prevention remain priorities for the OSCE. Left unresolved, these conflicts will continue to serve as breeding grounds for malign transnational actors, who poison the European political atmosphere as a whole, and the danger of renewed escalation will be present.

Consequently, the OSCE should promote new initiatives aimed at facilitating the resolution of the conflicts in South Ossetia, Nagorno-Karabakh, and Transdniestria in accordance with its mandates. So far, neither the OSCE nor any other international organization has been successful in assisting in the resolution of these conflicts. What the OSCE has done is to contribute to keeping them frozen and escalation processes under control.

This is particularly true for 2004, where it was largely due to the OSCE's quiet-but-firm on-site diplomacy that escalation was prevented in South Ossetia and Moldova. While the key factor is whether the parties concerned, including the Russian Federation, which is an important stakeholder, can agree on a solution, the OSCE can do more to broker solutions.

In order to resolve the frozen conflicts by means of compromises that include Russia, increasing levels of high-level involvement are necessary. The OSCE should co-ordinate its efforts with the EU, and should take advantage of the fact that EU states will hold the OSCE Chairmanship from 2005 to 2008. Sub-regional arms control and economic issues, both of whose importance are frequently underestimated, could play a significant role in resolving these conflicts. Although the OSCE has not yet carried out any full-fledged peacekeeping tasks (although the Kosovo Verification Mission and the Mission to Georgia contained peacekeeping functions), the assumption of a peacekeeping role should not be excluded as an option for the cases mentioned above. The OSCE could either provide a mandate for third-party peacekeeping, or could implement low-key forms of peacekeeping itself in a framework of more comprehensive, multifunctional field operations.

The OSCE currently still spends around two-thirds of its resources on its large Balkan missions. This will fundamentally change during the next decade, as the EU substantially upgrades its commitment to these regions and the countries in question hopefully reach higher levels of stability. Although the OSCE should remain active in post-conflict rehabilitation in the region for as long as it is needed, it should also be prepared to shift its long-term focus more to the (South) Caucasus, to Central Asia, and to pan-European issues.

Conflict prevention via OSCE field operations and the High Commissioner on National Minorities (HCNM) will remain an important OSCE task. The High Commissioner, who has already dealt with the cases of Estonia, Greece, Latvia, and Turkey, should pay more attention to minority-related conflicts in Western countries where necessary. Turkey should be encouraged to make use of the High Commissioner to ease tensions related to its Kurdish minority, as has been proposed by the EU.

5.1.4 Integrating the Economic and Environmental Dimension into the OSCE's Tasks

The OSCE is neither an economic organization nor a major donor. Accordingly, the main deficiency of the OSCE's economic and environmental dimension (EED) activities is its lack of strategic vision and resources. Its activities are only tenuously integrated into the Organization's current and future strategic tasks and challenges. The mandate of the Co-ordinator of OSCE Economic and Environmental Activities (CEEA) is weak and his office understaffed. There is some co-operation with environmental groups, but almost no interaction with key economic actors.

The OSCE Strategy Document for the EED, adopted in Maastricht in 2003, includes some updating of the basic Bonn Document on EED of 1990. Nonetheless, more consideration of the economic dimension of early warning, conflict resolution, and post-conflict rehabilitation is necessary. Other institutions with more resources will inevitably have to take the lead in the implementation of general economic-development projects, but the special role of the OSCE can be to advise implementers on how their projects should be targeted to alleviate the underlying causes of violent conflict.

To date, the links between the OSCE's EED activities and other working fields have been weak. This is particularly true of conflict resolution, where there is a shortage of both analyses of the economic root causes of conflicts and models of how economic tools can be used for early warning and conflict resolution. The same is true with regard to post-conflict rehabilitation and long-term peace-building. Since economic issues can be key factors in a conflict, looking at the political economy should be part of the solution. The CEEA should develop plans for using economic instruments to facilitate the resolution of the conflicts in Transdniestria, South Ossetia, and Nagorno-Karabakh, and models for the economic revitalization of these regions. In general, the CEEA should use its expertise to help international financial and donor organizations to build up a proper understanding of the economic dimension of (violent) conflict.

There has also been insufficient consideration of long-term economic developments relevant to security and stability in Europe such as energy security, transnational migration, and freedom of movement. The CEEA should identify specific transnational risks in the EED, as well as the economic and environmental dimensions of other transnational challenges, and integrate them in an overall concept. The CEEA should also be involved more closely in OSCE planning and policy-making, stressing the aspects of anti-corruption, transparency, good governance, and other economic rights, including tighter co-operation with business and other private sector experts.

5.1.5 Resolving the Dispute over the Human Dimension

Human-dimension issues have become the OSCE's most important field of activity and the area where the Organization's worldwide profile is highest. Foremost among the OSCE's human-dimension activities are election monitoring and assistance, where the OSCE is Europe's leading creator of standards and, in many respects, its key implementing agent. Other important areas of activities concern democratic governance, the rule of law, rights of persons belonging to (national) minorities, media development, gender equality, and freedom of movement. Despite many examples of successful activities within the human dimension, the criticisms levelled by the Russian Federation and other CIS states concentrate on the human dimension. A first conclusion that can be drawn from this is that, in order to solve the crisis of the OSCE, it will not be enough merely to better »balance the three dimensions«, or to launch more politico-military and economic and environ-

mental activities. If the kernel of the disagreement concerns the human dimension, a discussion aiming at a new common understanding must also start there. The solution to this problem should certainly not be to dismantle the OSCE's capacity (via ODIHR) to assist with and monitor the compliance of participating States with their commitments under the 1990 Copenhagen Document and other relevant norms of the OSCE *acquis*. At the same time, certain modalities for implementing these norms may be improved.

One dispute concerns the mechanisms the OSCE uses to monitor compliance with its human-dimension commitments. Major differences exist among the participating States with respect to the observance of human rights, electoral standards, and other human-dimension commitments. This in itself constitutes a severe problem in terms of the coherence of the OSCE and the ability of its participating States to cooperate. However, the situation is not improved by the fact that the OSCE's human-dimension monitoring instruments focus largely on Eastern Europe and the former Soviet Union. This focus, which may appear logical at first sight, has proved politically counter-productive, by making it possible for Russia and other CIS countries to complain of double standards. It is therefore necessary to create a general human-dimension monitoring instrument that covers all participating States without exception. This kind of monitoring should be based on questionnaires to be answered by each state. The states' replies could then be presented and discussed at the OSCE's annual Human Dimension Implementation Meetings. A more parsimonious and at the same time more co-operative option would be to use the proposed annual human rights reports of the UN High Commissioner for Human Rights as the basis of discussion, provided the UN follows this suggestion.⁴

The 2003 Maastricht Ministerial Meeting tasked the Permanent Council with considering the need for additional election-related commitments, supplementing those of the 1990 Copenhagen Document. The relevance of this question is increased by the fact that election procedures and techniques vary widely among participating States, including established democracies; and the validity of elections in Western countries (such as the USA) has also been questioned in relation to certain (in this case electronic) voting techniques. It might therefore be fruitful to consider additional commitments related to new election methods and their specific monitoring needs. However, this must not lead to lower standards, to a »Copenhagen minus«, but rather to an enhanced »Copenhagen plus«.

The reports of OSCE election observation missions are at times disputed between the state concerned and the OSCE election observation mission. It would be desirable to have a political consultation mechanism to clarify these kinds of disputes. This does not mean that states should be given a right to influence the substance of the reports, which should remain the sole responsibility of the election observation missions. The coherence of election monitoring by different international organizations/bodies could be strengthened by introducing standardized training measures for observers from the OSCE, the OSCE Parliamentary Assembly, the Council of

Europe Parliamentary Assembly, the CIS, and other interested international organizations.

As the OSCE increasingly focuses on transnational threats, it needs to include the human-rights aspects of these issues. There is a legitimate concern in particular about excessive counter-terrorism and border-security measures being implemented at the expense of human-rights considerations. More generally, the OSCE should also address the more general issues of the human rights of refugees and asylum seekers, as well as the question of freedom of movement and visa regimes.

The OSCE and the Council of Europe (CoE), which share a number of fundamental values and have widely overlapping spheres of competence and member states, should co-operate more closely. There is also a remarkable potential for synergy between the CoE's strong Secretariat and the OSCE's strong field operations. The Declaration on Co-operation between the Council of Europe and the Organization for Security and Co-operation from 17 May 2005, which proposes various measures including joint meetings and activities, and the establishment of a Co-ordination Group, is a good starting point.

5.2 Structures, Procedures, and Instruments

5.2.1 Achieving more Inclusive Consultations

The OSCE's function as a forum for dialogue and consultation has declined in recent years for several reasons. *First*, compared to the situation in 1990, participating States – transition states in particular – now have access to a broader range of multilateral and bilateral forums in which they are able to discuss specific questions. *Second*, conflicts within the OSCE have meant that many discussions have been unproductive, as reflected in the increasingly formal character of debates in the Permanent Council and elsewhere. *Third*, consultations in preparation for OSCE decisions are frequently the preserve of an exclusive group. As it is virtually impossible to hold meaningful consultations among 55 states, consultations are generally conducted between the Chairperson, the USA, the EU, the Russian Federation and the country concerned.⁵ This *modus* of consultations does not live up to the ideal of inclusiveness and discourages many states from genuinely participating in the OSCE's working process. A return to more inclusive consultation and decision-making is key to regaining a wider sense of ownership. This issue could be addressed by further developing the currently rather *ad hoc* structure of the PC's informal working groups into a more organized system that reflects the Organization's main areas of activity. This would enable states to participate in precisely those areas where they are most interested.

What has also become clear is that there is too little dialogue and consultation between the OSCE and its Parliamentary Assembly (PA). As a consequence, the OSCE does not fully exploit the considerable potential possessed by its parliamentary dimension to be a further point of contact with its participating

⁵ Even the Netherlands, an EU and NATO member State, once complained that it had been sidelined in the decision-making process (cf. PC.JOUR/313, 7 December 2000, Annex, Statement by the Delegation of the Netherlands).

⁴ Cf. *ibid.*, p. 75.

States. The Chairman-in-Office (CiO) should therefore explore ways to engage the PA and its members more closely in the work of the OSCE.

A further critical matter is the possibility of convening an OSCE Summit Meeting, the last one having been held in Istanbul in 1999. The next OSCE Summit should adopt a reform agenda for the Organization, provided that the participating States have succeeded in finding sufficient common ground in the preparatory stage.

5.2.2 Strengthening the Role of the Secretary General

For structural reasons, OSCE institutions and field operations suffer from a general lack of political leadership and co-ordination. In organizational terms, the OSCE can be described as having a highly diversified and geographically dispersed structure with weak central institutions. This organizational system is not the result of any master plan, but rather the consequence of the way the OSCE has developed as an organization in reaction to numerous urgent crises, and a reflection of the individual interests of its participating States. Such a diffuse organization calls for a huge input of leadership and co-ordination to achieve effectiveness.

The Chairman-in-Office, whose mandate includes a leadership function, can only perform this task to a limited degree for three reasons. *First*, the annually rotating Chairmanship lacks continuity by definition. *Second*, the Chairmanship does not have the capacities needed to perform effectively in a guidance role, especially when the post is filled by smaller countries with limited resources. *Third*, the autonomous or semi-autonomous character of OSCE institutions and the separate and autonomous mandates given to OSCE field operations mean that it would be difficult to gain acceptance for enhanced centralized powers. The Secretary General (SG) as »chief administrative officer« does not have the mandate to give political guidance, although the decision on the gradual extension of the SG's competencies adopted in 2004 in Sofia is a step in the right direction. In other words, there is no OSCE institution that could effectively guide, co-ordinate and control. As a result, OSCE institutions and field operations enjoy considerable autonomy and largely depend on the personal qualities of the Heads of Missions.

One specific problem concerns co-ordination between OSCE institutions and, in particular, between its dimensions. Not only are the different dimensions associated with different institutions, but in some areas, such as trafficking in human beings, operational capabilities are also shared between the Secretariat, ODIHR, and the Chairmanship. A system of this kind may have been adequate for the task of generating *ad hoc* activities to meet immediate and localized needs. The challenges of addressing transnational threats, however, demand more durable organizational structures. The organizational challenge the OSCE is facing thus consists in reforming its system of co-ordination and operational guidance.

As the leadership problems of the OSCE are the result of historical developments and political interests, they cannot be simply

solved via organizational means. However, the OSCE's system of internal management can be substantially improved by re-defining the division of labour between the Chairmanship and the Secretary General in a way that strengthens the latter:

- The Chairman should concentrate on political consultations and the preparation of the decision-making process among the participating States, on top-level co-operation with international partner organizations, and on providing political guidance.
- The Secretary General should be vested with overall executive responsibility, including operational leadership and the co-ordination of institutions and field operations. More tasks should be delegated to the Secretary General.

It should be stressed that the division of competencies between the Chairmanship and the Secretary General is not a zero-sum game. The CiO has an interest in the SG being provided with sufficient competencies and resources to fulfil his or her tasks, thereby freeing the Chairmanship from some of its more mundane activities and allowing more time for its core work.

5.2.3 Giving the OSCE Secretariat a Leadership Function

To adapt the Secretariat's structure to future needs, including those of the strengthened Secretary General, the following objectives should be pursued: *First*, the Secretariat should be provided with further organizational elements necessary for it to fulfil its expanded operational leadership role with regard to both institutions and issues. *Second*, experiences gained and lessons learned have to be fed back into the development of operational doctrines, procedures, and mandates. *Third*, the current structures of departments must be streamlined.

The OSCE should thus consolidate the structures of the Secretariat along the following lines:

- The Office of the Secretary General should be strengthened by the addition of a Political Unit, responsible for political planning, and an Analytical Unit. The Analytical Unit should include regional, conflict-management, and issue-oriented expertise, and should be tasked with running a lessons-learned and evaluation process independently from the more strictly operational departments.
- All functions concerning the support of field operations, apart from mission staffing – which should remain with the Department for Human Resources – should be united in a Department for Field Operations.
- The most important issue-oriented working units should be combined in a Department for Security-Building. These are the Strategic Police Matters Unit, the Action against Terrorism Unit, and all working units dealing with border security, weapons transfers, and trafficking in human beings.

In order to provide inter-institutional and cross-dimensional co-ordination, the Secretary General should introduce Competence Teams in specific areas, e.g. anti-trafficking, policing, etc. They should include representatives of all relevant

institutions as well as the OSCE's field operations, and liaise with external experts, think tanks, and NGOs. Competence Teams should meet regularly to co-ordinate policy. They should be chaired by the Secretary General or a representative of the SG, and supported for research and planning purposes by the Analytical Unit.

The institutional weakness of the OSCE is further aggravated by the fact that it lacks a convention on privileges and immunities. To better protect staff working in the field and to solve contractual problems, the participating States should adopt such a convention.

5.2.4 Reforming OSCE Field Operations

The OSCE's field operations are one of its greatest assets and constitute its most important comparative advantage. It is important to note that there is no standard format for field operations. The first type of field operations to be deployed (from 1992) were missions focused on early warning, early action, and conflict resolution. The large Balkan missions oriented towards specific post-conflict rehabilitation tasks, which have been deployed since 1995, represent the second type. The third type are the small OSCE Offices and Centres that have been established in the South Caucasus, Central Asia, and Eastern Europe since 1995 to deal with a range of more or less well defined stability risks and potential sources of conflict.

The problems of operating OSCE Field operations are as diverse as the missions themselves. In the following, we will concentrate on problems of country missions, introduce an example of a possible future thematic mission, and deal with the staffing of missions with seconded personnel.

Country-Specific Field Operations

Co-operation with the host state and co-ordination among missions. *Two key aspects of country-specific field operations that need to be addressed are the modalities of co-operation with the host state, and operational guidance of and horizontal co-ordination among field operations and institutions.*

The lack of co-operation between host states and missions is one of the most sensitive points of criticism raised against OSCE field operations. Heads of Mission, Centre, or Office should be aware that OSCE field operations are based on co-operation and that this must be reflected in a mission's day-to-day activities. The host state should thus be consulted regarding major projects as well as the appointment of Heads of Mission, Centre, or Office. Field operations should engage more local staff, including professional staff.

Operational leadership and horizontal co-ordination. The Secretary General should be given overall responsibility for operational leadership of field missions and the co-ordination of issue-oriented activities. The Department for Field Operations and the Competence Teams should play an important role in enabling this. Joint activities between the field operations and the High Commissioner, ODIHR, and the OSCE Representative on Freedom of the Media (FOM) must respect the autonomy of the various mandates.

An Example of a Thematic Mission: The OSCE Mission on Trafficking in Human Beings

To address specific transnational challenges, new formats of field operations should be established alongside those that have a proven track record. Concepts that have been discussed include »Thematic Missions«. The example of a hypothetical OSCE Mission on Trafficking in Human Beings discussed here shall serve to illustrate this new concept.

The tasks of the OSCE Mission on Trafficking in Human Beings would consist in implementing a series of interconnected projects in countries of origin, transition, and destination that aim to help victims, create links with civil society and state actors in different countries, raise awareness in societies and governments, and assist governments and local administrations in taking key legislative and administrative action.

The thinking behind this kind of mission is based on two premises: first, that transnational threats can only be successfully countered by mobilizing broad coalitions of benign (trans)national actors, and second, that the OSCE should take on the role of a »force multiplier« by bringing these actors together and facilitating contacts and co-operation with other actors at state and international level. Accordingly, the primary partners of the OSCE Mission on Trafficking would be official contact persons and NGO networks in the target countries, whose activities would be co-ordinated, funded *via* and guided by the mission's head office within the Secretariat's Department for Field Operations. In contrast to traditional OSCE field operations, there would be no permanent OSCE offices staffed with international personnel in the targeted countries, but mission contact points would be established and staffed by the NGO networks themselves. The head office in Vienna would undertake the following tasks to safeguard the coherence of the mission's work:

- Performing comprehensive needs analysis as a basis for selecting target countries and mission partners.
- Drafting an overall plan of action and discussing with the governments of the target countries and the mission partners how best to adapt it to local needs.
- Assisting governments in fulfilling commitments on trafficking they have undertaken in the OSCE and other contexts.
- Assisting NGOs in pressuring and monitoring governments and in playing an operational role in combating trafficking in human beings.
- Providing (full or partial) funding for local, regional, and countrywide activities carried out by the mission partners in the target countries.
- Closely following activities and providing support in the form of e.g., expert advice and rapidly deployable capacities.
- Liaising between NGO networks and local administrations, governments, and international organizations including OSCE decision-making bodies and institutions with a view to exploiting possible synergies.
- Organizing the exchange of information, skills, and best practices between NGO networks and state actors in the different countries.

- Evaluating the progress of the mission's work and reporting to OSCE bodies.

It is evident that a mission of this kind cannot operate with a six-month mandate, but rather needs one of at least two years.

Mission Staffing: Developing the Secondment System

The *secondment system* has great merits. Without personnel seconded by the participating States, the OSCE could have never been as successful as it has been over the years in staffing field operations rapidly and flexibly to address urgent challenges. It is therefore vital that the secondment system be retained. On the other hand, the disadvantages of the system for poorer states that cannot afford to second staff cannot be overlooked. For this reason, moderate reform is desirable in this area. A voluntary fund, comparable to the ODIHR funds for elections observation missions, should therefore be established to pay staff from countries that cannot afford to second. The existing selection criteria should be maintained in the secondment process.

As the CORE report *Working in OSCE Field Missions* has shown, there are still serious flaws in the implementation of the secondment system. According to this study, only 52 per cent of new mission members were given a proper briefing upon arrival at their duty stations, and only around 30 per cent of new mission members experienced an effective hand-over procedure.⁶ These flaws are mainly due to the briefness of six-month secondments. The minimum working period of seconded staff should therefore be lengthened to at least one year. At the same time, more local professional staff should be engaged in field operations to strengthen local capacities.

For *contracted staff* in the professional category, there is a maximum employment term of ten years. This rule, intended to underline the fact that the OSCE is not an organization where one can permanently pursue a career, constantly damages the Organization by excising its institutional memory and dismissing its most experienced staff members. Consequently, this rule should be dropped.

5.3 Deepening Co-operation with Mediterranean and Asian Partners and with International and Non-Governmental Organizations

Mediterranean Partners and Partners in Asia. OSCE participating States encourage their Mediterranean and Asian Partners to voluntarily implement OSCE principles and commitments. They frequently invite them to participate as observers in PC and FSC meetings (Maastricht 2003). Communication is maintained at all kinds of OSCE events – from Summits and Ministerials to seminars and workshops. Seminars focussing specifically on issues relating to partner states have become regular events. Two Contact Groups also exist whose task is to maintain dedicated regional lines of dialogue with the two groups of Partners. Discussions on the voluntary implementation of OSCE commitments and the further transfer of OSCE

expertise should be concretized according to the political needs of partner states. Because of its heterogeneity, the OSCE can better serve as a model for co-operation outside Europe than the EU, which is, at least in part, a supranational organization. It would boost the OSCE's visibility if it could present its partners with a brief charter document summarizing its acquis.

The outreach activities of the OSCE are closely related to its co-operation with Mediterranean and Asian Partners. A further working group sounds out possible areas where outreach activities could allow the OSCE to share the benefits of its experience with its Partners. The Election Support Team sent to Afghanistan in the autumn of 2004 is one of the first examples of an OSCE outreach activity. As security challenges become increasingly global in character and security within the OSCE space is significantly affected by developments outside, the Organization should expand its outreach activities to partners and other interested states outside of Europe. Outreach activities should cover all the OSCE's spheres of competence, such as election assistance, policing, and border control. If the participating States want to support these activities, they will have to upgrade the Organization's outreach capacity, which is extremely limited at the moment. The OSCE should be willing to lend its advice and support to other regions of the globe that seek to develop or strengthen regional security organizations and could draw on the OSCE's experience.

Co-operation with international organizations. While the Platform for Co-operative Security adopted at the 1999 Istanbul Summit describes a model of co-operation with other international organizations, reality rarely conforms to such programmatic decisions. While there are regular high-level meetings between the OSCE and a number of relevant international organizations, and while, as a rule, good co-operative relations exist in the field, staff-to-staff meetings at headquarter level are all too rare, and cross-representation is almost non-existent. All too often, attempts to co-ordinate the activities of different organizations come too late. The OSCE should therefore systematically strengthen co-ordination and co-operation with relevant international and sub-regional organizations:

- The OSCE should make more systematic use of its capacity as a regional arrangement of the UN and should support the UN in the regional implementation of global initiatives, as it has already done in the field of anti-terrorism. Consultations with the UN should cover regional issues, peace-building structures, peacekeeping, transnational threats, relevant aspects of economic and human development in the OSCE area, and lessons-learned mechanisms.
- The OSCE should open discussions with the EU on better co-ordination and co-operation, which should also cover those areas where the two organizations are in competition. This dialogue should take into account that there are issues (e.g. arms control, election monitoring, rights of persons belonging to national minorities) as well as regions (South Caucasus, Central Asia) where the EU needs to co-operate with the OSCE.
- In view of their substantial overlap in terms of issues and members, and the possible synergies between strong OSCE field operations and the strong Secretariat of the

⁶ Cf. Annette Legutke, *Working in OSCE Field Missions*, Hamburg 2003 (Centre for OSCE Research), pp. 21-22.

Council of Europe, the OSCE should strive to lead the Co-ordination Group with the Council of Europe to concrete results.

Co-operation with non-governmental organizations. Co-operation with NGOs is mainly focused on human-dimension issues, and insufficient advantage is taken of opportunities for co-operation in other fields and with other civic-society entities, including the world of research and education. Co-operation with NGOs should be expanded, and their access to OSCE meetings should be facilitated. This is of particular importance in view of the need to create broad transnational coalitions for addressing transnational threats.

6. Visions of the OSCE's Future

The presentation of the report of the Panel of Eminent Persons will be followed by high-level consultations in autumn of 2005. Whether these consultations will be a one-off occurrence or whether they can serve as a starting point for a longer negotiation process, is an open question. Currently, there is no way of foreseeing how much common ground the participating States will find. The range of choices the OSCE has for development is therefore summarized here in terms of the two extremes on a continuum of options: a minimal and an optimal option.

6.1 Minimal Option: The OSCE as a Stand-by Organization

The minimal option assumes that the participating States fail to reach an agreement on the OSCE's changed functions and tasks and cannot bridge their political differences. Nonetheless, they agree that the OSCE ought not be dissolved formally in order to maintain some of its basic political functions.

This would result in a substantial decrease of the Organization's relevance, which would be reflected in the downsizing of its operational activities and its field operations in particular. The loss of operational capacity would be accompanied by a further *de facto* erosion of the normative *acquis*. While some states would continue to respect OSCE commitments, others would prefer a selective approach to them. The *acquis* would, however, not be formally revoked.

The OSCE would most probably not be dissolved in a formal sense. The Organization's decision-making bodies, at least the Permanent Council and a smaller Secretariat, would remain. In this scenario, the operational range of the OSCE's institutions – ODIHR, the HCNM, and the FOM – would be sharply reduced.

Such a development would not necessarily occur all at once, for example, with the simultaneous non-extension of several mission mandates, but could also take the form of a gradual process of decline, which might even be hidden behind a superficial progress on some measures to improve the OSCE's organizational effectiveness.

The minimal option would preserve the OSCE as a kind of stand-by organization, which could be revitalized to deal with future contingencies. This would be better than nothing, but security and stability in Europe would be severely damaged unless other actors take over the OSCE's tasks. The minimal option would represent a clear regression from what has already been achieved, both in normative and operational terms. At the same time, it would reflect the states' inability to agree on relevant multilateral approaches to the challenges ahead.

6.2 Optimal Option: A New Consensus on the OSCE's Future

The optimal option starts from the assumption that the participating States can agree on a new, politically substantial, and problem-oriented consensus on the future functions and tasks of the Organization. Such a consensus would start with the political acknowledgement that management of change in Europe is necessary and that the OSCE is the right organization to contribute to this task.

Such a consensus would almost certainly not provide the OSCE with a role as an overarching European security organization, brokering relations between major powers. However, it would define a specific role for the OSCE as an organization specializing in addressing certain categories of threats. The OSCE as a specialized organization based on comprehensive values, norms, and commitments – an organization positioned somewhere below the level of overall responsibility for European security, but helping to guide and harmonize as well as complement other institutions' work – is the optimal scenario.

The operational capabilities of the OSCE, in particular its field operations, and the related support structures would be re-organized according to changed needs. The OSCE institutions would continue to function. The OSCE's normative *acquis* would be maintained; attempts to use it in a selective way would be contained.

Such an outcome may not emerge in the immediate future, that is, after a brief round of high-level consultations, but could also be the result of a longer process that starts with agreements on institutional matters. Furthermore, even if the optimal option is achieved, it would still be desirable for the OSCE to prove its usefulness beyond its area by extending its outreach activities.

The key to achieving this second option, or something close to it, lies in finding a new political consensus on the functions of the Organization, and no amount of organizational engineering can substitute for this. Whether any such agreement is reached will reveal the participating States' ability to address today's and tomorrow's challenges in a truly multilateral and co-operative way.