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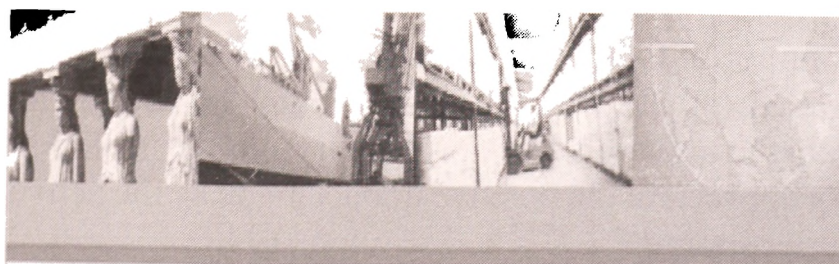
Dimitrij RUPEL

Minister for Foreign Affairs,
Slovenia

Perspectives of the Region - A View from Politics

Seven years after the dramatic events in Kosovo and Serbia the picture of South-East Europe as seen from Slovenia is still not a rosy one. Ethnic tensions and nationalisms continue to persist in some form, at least verbally. Organised crime of different kinds, and perhaps even more corruption and poor public sector management continue to present risk factors. In our view, there are two key challenges that need to be addressed: firstly, re-building - or setting-up from scratch - a new civil society, which is not based on ethnicity, and secondly, strengthening the administrative capacity through bilateral and multilateral technical assistance remains one of the key tasks.

But in the last couple of years, the Region has also seen tremendous progress. The threat of an armed conflict seems to have gone, the armed forces are undergoing large-scale reforms. Tens of square kilometres of land have been cleared of land-mines by the Slovenia-run ITF and other organisations, and generous development aid poured into. Countries of the Region are taking increased ownership of their own regional affairs. The current transformation of the Stability Pact is a good example of that. Through South-East Europe Co-operation Process, where Greece is a distinguished member, countries work together in a number of areas, including cross-border crime. The Region's macroeconomic per-



South-East Europe - A Region on the Move

formance has generally improved. All countries of the Region are at some stage of the EU integration, three are members of PfP and the remaining three are on good course to become that. Democracy has taken roots everywhere, despite continuing deficiencies, and orderly and peaceful conduct of elections is now the norm. Nobody would have thought that years ago.

Nevertheless, there are some old and new challenges.

The issue of Kosovo still waits to be resolved. Since 1999, Kosovo has been under the UN administration and now awaits the decision of its Future Status. I said «await», as the two sides have unfortunately not managed to produce enough courage and wisdom to become real subjects of the negotiations, rather than objects. Kosovo Serbs are particularly missing in this story. As a result, the Contact Group has recently asked President Ahtisaari to draft a status settlement proposal with alternative compromise solutions. In brief, Slovenia would like to see a settlement that would allow for internal stability of Kosovo and the stability of the Region, but would at the same time be based on strong Euro-Atlantic perspective for both Kosovo and Serbia.

Also, strong international civil and military presence will be essential in post-settlement period. Here, the EU is currently preparing itself to take up a leading role through an ESDP mission which will assist Kosovo in the broader field of rule of law. Representing a significant challenge both in financial terms and with regard to human resources, the mission will be a test case for EU's credibility as a foreign policy actor.

Kosovo is a case on its own and I hope that a specific, innovative solution will be found. Whatever the details will be, it will be important to look at possible or imagined political and security implications in the Region.

The specific challenge of less than satisfactory co-operation with the Hague Tribunal also represents a threat for the Region, directed at the justice and home affairs structures of the countries concerned, but also at the civic fabric of the respective societies. As in post-war Europe, societies in the Region need to come to terms with the past and working with the ICTY is a very important part of this process.

In Bosnia and Herzegovina, in the run-up to the recent elections we heard voices that had been putting under question the Dayton Agreement and the territorial integrity of the country. The elections have replaced the established set of political parties and brought up a new one - and also some concerns about their willingness to re-ignite the reform process, above all the police reform and the Constitutional amendments. The developments in the next months will certainly inform the decision that the Peace Implementation Council needs to take in February on the closure of the OHR and transfer of powers to local ownership and EUSP. In this case too, the EU is expected to take up a leading role, assisting in the implementation of the European reform agenda and helping BiH to take control of its own destiny.

The Former Yugoslav Republic of Macedonia recently held elections too and the new Government is already in place. Macedonia is an EU candidate, but awaiting a date for the actual negotiations. It is also a NATO MAP country and both EU and NATO nurture great expectations for further reforms and continued implementation of the Ohrid Framework Agreement. Maintaining the delicate balance between the two main ethnic communities continues to be a very demanding task, but in my view, patience and dialogue will pay off.

The maps have changed again too: Montenegro is now an independent country. But it is important to note the difference: this was achieved peacefully and respecting high electoral standards with no small involvement of the International Community, above all the EU. This was almost immediately followed by the resumption of the SAA negotiations and Montenegrin application to join the PfP. As suggested by the EU, Montenegro will now have to dedicate to the long over-due reforms, with particular attention to the justice and home affairs issues.

Serbia has, unfortunately, been less lucky, Or perhaps its leaders have not seen the priorities in the same way as many genuine friends of Serbia do. Its stability and the implementation of its Euro-Atlantic perspective remains our concern, because we are aware that a stable, prosperous, democratic and European Sarbia, which is at peace with itself, is so important for the entire Region and further a field.

As the economists will probably agree in the session that follows, while the economic conditions have generally improved in the Region, many countries still face big structural problems, absence of genuine reforms, high unemployment, lack of appropriate infrastructure, and high level of grey economy. Some are still struggling with privatisation process and will have to work harder to get more of the much needed foreign investments. In particular, the institutional infrastructure is still underdeveloped, but is badly needed to underpin the privatisation and create business-friendly environment. On the other hand, the developments with regards to the enlargement of CEFTA and the setting-up of the energy community of the South-East Europe are very positive.

Societies of the Region remain under strain because of economic conditions, government inefficiency, an uncertain future and lack of prospects. Brain-drain presents an additional negative effect, while at the same time, the rigid visa regimes add to the sense of isolation. Slovenia, and several partners within the EU, have zealously advocated the visa facilitation and the process is now under way. Let us not forget that most countries of the Region did enjoy visa free regimes before the 1990. While countries of Central and Eastern Europe saw their borders open up, the process in the Balkans was reversed. We have to change this now.

This is closely linked to the problem of illegal immigrations along the Balkan Route, which is still there. The expected measures intending to address the pressing issue of illegal immigration in some of the Mediterranean countries not have as an unintended consequence an increase of illegal immigration across the Region. Our partners need to remain vigilant on the Balkan route too.

But we should be careful not to identify the Region with the security and other risks. Such a perception, after all, damages its prospect for further Euro-Atlantic integration, lowers public support for enlargement in the existing Member States and turns away potential investors. Western Balkans is not all doom and gloom. The progress made needs to be acknowledged. The countries themselves are slowly becoming generators of security and stability. They do not want - and we do not want either - to become a void space, a black hole or something in the brackets between Slovenia and Greece, the two EU member states at the opposite ends of the Region. In fact, with Hungary on the north and the forthcoming entry into the EU of Romania and Bulgaria, the Region will be surrounded by the EU. But will it be embraced by it too?

Slovenia continues with its commitment to the Region and has resolutely defended the need for further enlargement to the Western Balkans. Not only because the Region is one of our top FDI and export destinations - 17% of our exports and almost 60% of our FDI go to the Region - but primarily because we genuinely believe that the prospect of the EU and NATO membership remain the two strongest incentives for stabilisation and reforms. Although the countries of the Region are at different stages of the EU and NATO integration, in all of them, the process of rapprochement increasingly influences the way the politicians act, speak, legislate and govern, bringing the countries in line with the European and other international best practice. This does not always go as smoothly and promptly as one would want, but the EU and NATO are becoming a trump card of the local politicians.

On their part, the EU and NATO have to keep the enlargement to the Western Balkans high on their agenda. After successful enlargement to Central and Eastern Europe, the Western Balkans now offer a new challenge, but also a new opportunity: to show the stabilizing and transforming power of the EU and NATO in this troubled part of the Continent. The EU should not shy away from enlargement with the absorption capacity argument, and NATO should send a clear message about the PfP prospects for the three remaining countries in the Region.

Moreover, the two organisations should work closely on the Western Balkans file. While each country needs to be judged on its own merits, a regional approach and a comprehensive strategy for the Region are essential. This strategy is now being debated within NATO. It is important that Partners present a vision of how and where do they see the Region in the future, and how the accession to the EU and NATO will help bring stability and security to the Region.

At the same time, we need to secure that new members will be meeting the well-known set of criteria diligently and in full. There should be no shortcuts. Political criteria are very important. For those having second thoughts about the future enlargement, it is important to realize that well-prepared members will actually increase Union's absorption or integration capacity.

At the same time - when it comes to the EU - it is imperative that the EU becomes a very tangible prospect for the domestic public by means of various pre-accession assistance, bilateral visits, co-operation on expert level, with engagement with the civil society, visitors' programmes, knowledge transfer and, as I already mentioned, visa facilitation. All these can help boost the support for the EU enlargement in the countries concerned.

In my opinion, at the core of the capacity-fear there lies the Europe's new quest for identity. But as with any soul-searching, it is important one does not isolate itself. In this context, let us not forget the important role that Balkans had in shaping of European identity from the cradle of Hellenic civilisation, to the powerful Byzantium and to the seeds of Europe's only autochthon Muslim communities. Perhaps there is a potential thre for the dialogue between civilisations too.

The Western Balkans have seen the turmoil of ethnic violence, colossal human loss, material damage, economic collapse and break-up of the societies and inter-ethnic relations. But as Europe has learnt from its own post-war experience, it was the spirit of co-operation which enabled genuine reconciliation. In this sense, it is only through the Euro-Atlantic perspective that we can see the final and definite settlement in the Region.