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STABILITY PACT
FOR SOUTH EASTERN EUROPE



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Ladies and Gentlemen, distinguished participants,

First of all, I would like to thank *Südosteuropa Gesellschaft* for organising this high-level conference and for preparing an excellent, thought-provoking policy paper. As you have all read, this paper argues – among others – that the Moldovan government should increase its level of participation within the Stability Pact. In my brief intervention today, I would like give you an overview about how I see Moldova’s participation in the Pact, and also provide direct feedback on related contents of the paper.

Moldova became a beneficiary country of the Stability Pact in 2001, and – ever since then – this inclusion has provided an opportunity for Moldova to strengthen ties with its immediate Western neighbourhood. Beyond Moldova’s participation in the activities of the Bucharest-based Regional Center for Combating Trans-border Crime, the country also joined various Stability Pact initiatives – the most important being trade, fighting organised crime and combating human trafficking.

Participation in Stability Pact activities has proved to be extremely useful on the practical level – Moldova was given an opportunity to break out of its semi-isolation, and familiarise itself with the practices and dynamics of regional cooperation.

But as the *Südosteuropa Gesellschaft* paper suggests, there have been limitations regarding the success of Moldovan participation. This is true – and it is mostly rooted in the difficulty of gathering political consensus to press ahead with certain painful reforms, and consequently, in the slow movement by the government and parliament on implementing some political pledges.

However, to be fair, I also need to add that in many cases, the real problem was the lack of funds, and often the lack of capacity. The success of regional cooperation

depends greatly on the available resources, and we can't expect Europe's poorest country to live up the required standards overnight. I also have to emphasise here that some of the international financial instruments offered to the rest of South Eastern Europe have not been available for Moldova – which has placed it on a different footing than other countries from the very beginning.

It is important to consider the fact that while the Stability Pact is a very useful regional cooperation mechanism, simply being within the Stability Pact does not automatically guarantee any country a closer relationship with the European Union. This is something I would like to emphasise, because it is sometimes misunderstood. The Pact offers a forum to resolve some staggering regional problems but – in Moldova's case – it is the European Neighbourhood Policy which is the central instrument for the EU-Moldova relationship. The Stability Pact will continue to remain complementary to this framework.

Despite the relative political stability in Moldova, and the firm commitment to put the country on a “Europeanisation” track, the Moldovan government will face an enormous challenge in the coming years. Moldova's leaders not only have to modernise the economy, transform the social welfare system, and reform judicial and media structures, they also have to create a positive image for their country abroad. For the time being, Moldova is mainly known for the Transnistria conflict, while foreign direct investment is low, and tourism is almost non-existent.

Some recent domestic developments have been encouraging, however. The Stability Pact has commended, for instance, the Moldovan parliament's passage earlier this year of an Action Plan against corruption, a law on fighting trafficking, as well as the ratification of the Palermo convention on organised crime. Moldova has also signed and ratified bilateral free trade agreements with all South Eastern European countries, thereby contributing to the planned creation of a single free trade zone. Moldova has also taken on the responsibility to coordinate an international operation between SECI member states against money-laundering in the course of

2005. Finally, most recently, the parliament adopted an ambitious programme on implementation of the EU Action Plan.

I can't emphasise enough that Moldova's government needs to be very committed to reform, it can no longer lose time – a comprehensive restructuring, even if it is painful and unpopular, must be carried through, so that living standards improve and the country becomes more attractive to both its own citizens, to foreign businesses and to tourists. The settlement in Transnistria will of course be a crucial element in this process too.

But in the resolution of some of the most overwhelming problems in Moldova, EU governments have an equally important responsibility. As you all know, in the EU's estimation, over 120,000 women and children are trafficked into the EU annually. The majority of these people are trafficked through the Balkans. But why is this business still flourishing? Why is it that these women and children end up in forced labour or forced prostitution?

The answer is clear – trafficking is a market-driven business – it is a business that is fed by our lifestyles and our economies. The same goes for drugs trade. We cannot expect the Moldovan authorities to annihilate these organised crime rings alone, we have to help them by destroying the end-market.

Finally, I would like to say that I completely share the assertion in the policy paper that the limited development assistance funds that are currently available for Moldova, would be best used if there was a clear division of labour between the most active international actors in Moldova. Given that this is the Stability Pact's basic mandate, we would be interested to take upon the task of bringing together representatives of the EU, the World Bank, the Council of Europe, the OSCE and the most active national governments, with a view to increasing coordination.

During Moldova's chairmanship of GUUAM, if needed and asked, we would also be ready to share our “best practices” and “lessons learnt”. After last week's GUUAM summit, in which the countries agreed to increase cooperation in combating

terrorism, trafficking, organised crime, and drugs trade, many Western capitals will be watching these developments and waiting for the results. An efficient regional organisation around the Black Sea could prove to be beneficial for the South Eastern European region, and indirectly for the EU, too. I therefore hope that the ambitious plans for GUUAM will materialise sooner rather than later.

Finally, I would like to state that – wherever possible – the Stability Pact stands ready to help Moldova in the implementation of the EU Action Plan, and we hope that the historic opportunity that has presented itself through this plan, will now be wholeheartedly embraced by the Moldovan government.

Thank you very much.

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