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GESELLSCHAFT**

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Stabilitätspakt für Südosteuropa
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Stability Pact for South Eastern Europe
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STABILITY PACT
FOR SOUTH EASTERN EUROPE

International Conference

Regional Cooperation Challenges 2007/2008

**From the Stability Pact for South Eastern Europe
to the Regional Cooperation Council:**

Enhancing the Voice of the Region

Zagreb, September 8-9, 2006

"From International Crisis Management to Regional Ownership"

**Speech by Minister of State Gernot Erlner at the Conference on Regional
Cooperation Challenges 2007/2008 in Zagreb on 8 and 9 September 2006**

09.09.2006

As President of the South East Europe Association I would like to bid you all a warm welcome to our conference on Regional Cooperation Challenges 2007/2008, which the Association has organized in conjunction with the Croatian Chairmanship-in-Office of the South East European Cooperation Process (SEECP) and the Stability Pact for South Eastern Europe. Just a few months after the ground-breaking decision of the Regional Table on the future of the Stability Pact and a few months before the German EU Council Presidency this seems a good moment to look back at what has been achieved and reflect on the challenges ahead. I would also like to take this opportunity to thank Prime Minister Sanader and the Government of the Republic of Croatia for their generous hospitality and valuable assistance with the organization of this conference.

Genesis of the Stability Pact

After the Kosovo conflict ended in summer 1999, Germany – which then held the presidency of the European Union and the G8 – put forward a proposal for the establishment of a stability pact for South Eastern Europe. Even while the fighting was still going on, we were casting about for a vision that could help shape the future of the region as a whole. We were looking for something that would inspire people with fresh courage and hope, that could point a way out of the vicious cycle of violence and counter-violence. Within the international community there was a broad consensus that breaking this vicious cycle was the only way to safeguard Europe's long-term security. After World War II we had seen how elsewhere in Europe for-

*Südosteuropa-Gesellschaft, Widenmayerstr. 49, D-80538 München Tel.: +49-89-21.21.54.0;
Fax: +49-89-228.94.69 email: info@suedosteuropa-gesellschaft.com; www.suedosteuropa-gesellschaft.com*

mer adversaries had become good neighbours – France and Germany, for example, or Germany and Poland. We realized these examples belonged to a different category, however, and the historical roots of the conflicts were in no way comparable. We were aware, too, that breaking the cycle would certainly be a long-term process – and we knew we could look only for incremental progress, not quick success. So it was hardly surprising that we turned to the CSCE process for inspiration. Like the CSCE, the Stability Pact operates not just through member state governments. It seeks also to engage directly with civil society, to mobilize actors in all areas of national life. Like the three CSCE baskets, the three tables of the Stability Pact deal with democracy and human rights issues, economic reconstruction, development and cooperation and, lastly, security.

However, there are certain features of the Stability Pact that make it a unique instrument of civilian crisis prevention. These are:

- Firstly, its focus on regional cooperation between all countries of South Eastern Europe and
- Secondly, the clear European perspective of these countries that is central to its design.

We were convinced back then, as we were working on the plans for the Pact, that these features were absolutely essential if our vision was to succeed.

Destination Europe

In recent years the countries of South Eastern Europe have achieved considerable progress. Armed conflict is a thing of the past. The task of establishing democratic institutions and strengthening civil society is well in hand. Economic development is going ahead. Regional cooperation is intensifying. All this is certainly not due solely to the activities of the Stability Pact. An important catalyst was also the offer to the countries of the Western Balkans to integrate into Euro-Atlantic structures.

An important milestone for the future of South Eastern Europe was the EU-Western Balkans Summit in Thessaloniki in June 2003. The Summit reaffirmed the European perspective of the Western Balkan countries. But at the same time it created a new framework for EU activities in South Eastern Europe, assigning the Stabilization and Association process and the Stability Pact different yet complementary roles. Thessaloniki thus succeeded in linking the progress achieved through the Stability Pact with the EU rapprochement process for the Western Balkan countries. And in this venue let me emphasize once again that the German Government is determined to live up to its Thessaloniki commitments.

Clearly countries are not all going to move at the same speed to adopt the EU's political, economic and social standards. For that the circumstances and historical legacies many South East European countries have to contend with are too different and too complex. Yet the fact remains that the countries of the Balkan Peninsula are already heading towards Europe – in institutional terms as well.

- Slovenia has been an EU member for two years now
- Romania and Bulgaria are likely to accede at the beginning of 2007
- Croatia is already negotiating on EU membership, Macedonia is a candidate for membership

- With Albania a Stabilization and Association Agreement (SAA) was signed in June
- With Bosnia and Herzegovina negotiations on a Stabilization and Association Agreement started in November 2005
- With Serbia and Montenegro, too, negotiations on Stabilization and Association Agreements have opened. The talks with Serbia, however, had to be suspended in May due to lack of progress over its cooperation with the International Tribunal. After the referendum in May the new Republic of Montenegro will resume SAA-talks very soon.

Kosovo's future status

There are other challenges, too, that still have to be addressed. The most pressing one is the issue of Kosovo's future status. For years this unresolved issue has been a strongly destabilizing factor. That is why a settlement of this issue – as a special case that bears no comparison with any other territorial conflict – is long overdue. So it was only logical that the foreign ministers of the Contact Group urged at their meeting in London in January with UN mediator Martti Ahtisaari that the issue of Kosovo's future status should be settled if possible before the end of this year.

Germany for its part is doing all it can to help achieve this goal. However, the positions adopted by Belgrade and Pristina at the talks in Vienna are still very far apart. Let me stress here once again that we have entire confidence in Martti Ahtisaari, he has our wholehearted backing for the very difficult job he is trying to do. And I am very glad that Dr. Joachim Rucker, the new Special Representative of the Secretary General for Kosovo takes part in our conference and gives us the chance to congratulate him on his announcement and to wish him all the best for his work.

What is crucial, in our view, is that any settlement of this vexed issue should enhance stability throughout the region. And that means it must be one that both Belgrade and Pristina can live with. That rules out any either-or solution: what is needed is a deal that requires give and take from both sides. There will have to be comprehensive safeguards for minorities but also guaranteed respect for the popular will. That is the only way to achieve the overriding goal of enhancing long-term regional stability. Whatever the details of Kosovo's future status will be, on one point the international community as well as the decision-makers in Belgrade and Pristina fully agree: even once the status issue is settled, an international civilian and military presence in Kosovo will still be needed for some considerable time to come.

Developing regional ownership

Leaving this particular issue aside, the Stability Pact for South Eastern Europe clearly has significant achievements to its credit. What is important now is to consolidate what has been achieved and ensure its firm anchorage in the region. The key to the Pact's future role is the concept of regional ownership. This means the countries of the region must recognize that regional cooperation is their own responsibility and act accordingly. It means they must assume not only political and economic responsibility but financial responsibility as well. The German Government is very keen to see the Stability Pact progressively transferred to regional ownership. It would be a waste of resources, however, if this process were to lead to the creation of extensive new structures. What we must aim for is a cooperation structure as lean and effective as possible.

The first steps towards greater regional ownership have already been taken. Particularly as regards economic cooperation in the region, there are a number of encouraging developments for which the Stability Pact served as a catalyst:

- The entry into force on 1 July 2006 of the Treaty establishing the Energy Community will give a major boost to regional cooperation in South Eastern Europe and thereby make for greater stability in the region. For the first time ever the countries of the region have made a commitment to regional cooperation that is binding under international law. Under the terms of the Treaty they also undertake to adopt parts of the EU *acquis* relating to the energy sector.
- The countries of South Eastern Europe have already built up an impressive network of bilateral trade agreements. In June negotiations began on the transformation of the Central European Free Trade Area (CEFTA) into a general free-trade area that would also be open to countries in South Eastern Europe. Such a development would not only stimulate economic activity and trade but would also make the region still more attractive for foreign investors. The outcome of the first round of talks was encouraging. From the start the German Government has supported the work on trade liberalization that has been going forward under Stability Pact auspices. We therefore warmly welcome the efforts South Eastern European countries are making to rapidly transform CEFTA into a free-trade zone for the entire region.

There are other equally important goals, one of which is to increase regional ownership of certain aspects of the Stability Pact. The crux here is for the region to progressively take over full responsibility from the international community for core activities of the Pact. The region itself must increasingly become the driving-force shaping the region's political future. At its meeting in Belgrade on 30 May the Stability Pact's Regional Table agreed on concrete steps for the Pact's transfer to regional ownership. This will be a gradual process that will result, it is hoped, in both a leaner and a more effective regional cooperation structure. In this context the SEECP will play a key role as the "voice of the region". It is, after all, the natural candidate for such a leading role. The Belgrade meeting also approved a road map drawn up by the EU Commission and the Special Coordinator for the Stability Pact.

One of the proposals put forward was for the establishment of a Regional Cooperation Council (RCC) as a kind of mini Stability Pact. This body would be in charge of overall coordination with the countries of the region, the EU and major donors and organizations, and it would also assist the SEECP with operational tasks. As a visible token of the region's increasing ownership, a small operational RCC secretariat is also planned, which would take over the functions of the Regional Table and the Working Tables. This new structure should be up and running by early 2008. Thereafter the Stability Pact can gradually concentrate more and more on the technical aspects of support activities. In the transitional phase ahead the sensible course, I believe, is to link the political work of the SEECP with the technical expertise of the Stability Pact. That is the best way to strengthen regional ownership on the one hand and on the other to make optimal use of the competence the Stability Pact has built up over the years. Germany strongly endorses the results of the Regional Table meeting in Belgrade on 30 May. In our view they represent a major new departure in terms of the Pact's future. We also welcome the SEECP's announcement in May that it is willing to assume an operational role in the new cooperation structure for South Eastern Europe.

In several respects our host country Croatia is currently in a position of special responsibility. In May it assumed the SEECP Chairmanship-in-Office, it is now negotiating with the EU on

accession and it is firmly committed to the region and its institutional structures. We would strongly encourage Croatia to take this responsibility very seriously. As a regional trailblazer Croatia will need to demonstrate its ability to adopt the whole of the EU acquis. Domestically that will mean pushing through and delivering on a programme of far-reaching reform. Other countries in the region will follow Croatia's lead.

Along with other donors and partners, Germany remains ready to help implement what was decided at Belgrade and to support regional cooperation. But of course, as we all know, right now crises in other parts of the world are the main focus of attention. That may mean more resources will be tied up there in future. South Eastern Europe happily can no longer be deemed a crisis zone. The region has left that stage behind it. What is increasingly important now for all countries of South Eastern Europe is the progress each one of them is making in forging closer links with the EU.

In putting together our support package for the Stability Pact, Germany will concentrate on the priority areas identified at the Regional Table meeting in Belgrade.

These new priorities –

- economic and social development
 - infrastructure and the environment
 - justice and home affairs
 - security cooperation
 - education and training
 - and finally parliamentary cooperation, which brings together all these different strands
-

have all been identified by the countries of the region themselves. So they, too, are a clear manifestation of regional ownership.

Germany's EU presidency

Given the present crises around the world, the European Union will be called upon also during Germany's EU presidency to take responsibility for external security. Our own security depends in very large measure on peace and security in our neighbourhood. That is why Germany attaches such great importance to all efforts aimed at enhancing stability in the Western Balkans – and why we are so keen to support the negotiations on Kosovo's future status. Of course the criteria defined in the Commission's road map have to be met and due account must also be taken of the EU's absorption capacity. Nevertheless, there can be no doubt that the perspective of EU accession and the Stabilization and Association process will continue to play a crucial part in bringing long-term stability to the Western Balkans.

Let me finish by wishing all of us highly stimulating and productive discussions.