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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

OPENING ADDRESS

By H.E Prime Minister of Croatia dr Ivo Sanader

Regional Cooperation Challenges

International Conference, Zagreb, September 2006

Ladies and Gentlemen,

Indeed, it is my great pleasure to welcome you to Zagreb to the International Conference on Regional Cooperation Challenges 2007/2008, co-organized by Germany's Southeast Europe Association and the Croatian Chairmanship-in-Office of the SEECP.

The timing of our conference is indicative and important. It reflects the prevailing sense of the moment, both in this part of Europe and within the European Union institutions, that the positive dynamics of transformation,

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reform and acceptance of the European vision, values and standards must be preserved and continued in South Eastern Europe. It also reflects the sense of regional responsibility by Croatia, as an EU candidate country already on the accession negotiation track. Last but not least, I am convinced that it also reflects the attentive care of Germany, on the eve of its forthcoming EU Presidency, for the shaping of the EU future of SEE .

During the past decade, regional cooperation has definitely emerged as an issue of special significance for the countries of South East Europe, as well as for the European Union and the wider international community. A decade ago, the war period ended. Now, a new opening and broader thinking is needed. Now is the time for a deep and genuine transformation in political attitudes and mindsets. Now is the time for deep and brave insight into the future, in order to deal with the challenges inherited from the past. In a word now is the time for statesmanship.

Understandably, given the hardships of the nineties, cooperation did not come easily. At the beginning, the very notion of cooperation was more a part of post-conflict stabilization efforts, thus coming more often from outside of the region and being part of the efforts of the international community, then being a genuine, domestically accepted and efficient wish, vision and vehicle of the new era in this part of Europe. But, with time, political changes and better understanding, regional cooperation is today a truly authentic network of new relations among the SEE countries. Nothing proves it better than the evolution of the SEECP.

It is noteworthy that this network, this whole structure of regional cooperation rests primarily on pillars linked to the European Union and the EU perspective of all SEE countries. Key among them are pillars of the

Stabilization and Association Process, the Stability Pact for South Eastern Europe and, as I have already mentioned, a reinforced SEECP. Although admittedly growing in complexity, such structure clearly reflects two main strategic goals of all SEE countries. Firstly, achieving overall progress and development through implementation of democratic principles, and secondly, participating successfully in European and Euro-Atlantic integration.

South East Europe has come a long way in overcoming the consequences of war and underdevelopment. Today we are not only witnessing evident and concrete progress and evolution in various segments of everyday life, but also in the shaping of lasting regional stability and cooperation architecture. Over the past few months, it has become evident that the time is ripe to adjust some features of this cooperation network and architecture, to refocus activities in order to enhance the regional ownership dimension, to increase efficiency in order to achieve Euro-Atlantic strategic goals. Hence the subtitle of this conference – From the Stability Pact for South Eastern Europe to the Regional Cooperation Council: Enhancing the Voice of the Region.

Of course, to face the challenges of creating a European future, one has to start at home. In Croatia, we started from the obvious fact that it is impossible to take part in Europe's present and future environment without reaching the same level of democratization and economic development. To bring this vision to life, Croatia needed to complete a complex task of double transition. This involved not only transforming a state run economy -- a legacy of our recent communist past -- into a market economy based on sound foundations, but also transforming a country deeply scarred by war into a stable one, leading the democratic reform process in the region. Successive Croatian governments over the last 15 years have shown political will and made efforts to rise to the challenge. When my Government took office, I realized immediately the need to

re-energize the country, to move Croatia to new heights, to invigorate our commitment to transforming institutions and society and to speed up our accession to a democratic and united Europe.

The results are visible. Croatia now already has a healthy market economy with stable industrial and GDP growth of well above 4%, low inflation, export growth, a rise in foreign direct investments and other positive macroeconomic indicators. This all indicates that we are approaching the fulfillment of the EU's Maastricht criteria at a steady pace. Economic relations with many EU countries have risen to a satisfactory level indeed. Extensive investments from EU members show that Croatia is increasingly becoming more attractive, with a high level of political stability, an adequate legal framework and administrative infrastructure. Considerable progress has been made in concrete areas such as the modernization of the land registry system, while the remaining shortcomings are being addressed successfully and often with the assistance of the EU and member countries. In its study "Doing Business" the World Bank has recently rated Croatia among the top ten reformers in the world.

Croatia's experience has proven that the opening of accession negotiations is a particularly important stage in the accession process. It clearly indicates that we have positively fulfilled necessary criteria, proven our maturity and became a trusted partner. With strong support from many friends and partners, and understandably the position of EU Members and institutions, Croatia has started negotiations successfully within the accession process. The EU's enlargement policy has also put into focus other important aspects of development of European societies, such as education, competitiveness, energy issues, environment issues, as well as cooperation in justice and home affairs, in which Croatia intends to make a significant contribution, as these issues are also part of the regional cooperation agenda.

With this newly acquired position, Croatia is definitely interested in the future development and shaping of the South East Europe, since stability and development of this neighborhood is vital to our national interest. This being said, it is more than obvious that the EU membership perspective is helping nations in the region to overcome the past and to focus on the future thus enhancing democracy, stability, security and cooperation. Croatia has proven its capability of positively influencing other countries in the region through its positive example of high achievements as well as through its active engagement in regional cooperation. With full EU membership in sight, Croatia is able to take its share of responsibility for stability and democratization of the region even more efficiently. The EU has recognized Croatia's potential and its vitally important role in the future of a region for which it has great concern.

Regional cooperation is going to vouch for the continuation of the democratic reform process in South Eastern Europe, ensuring durable stability in the region. Success during the coming elections in Bosnia and Herzegovina, Serbia, as well as Montenegro, should provide positive proof that democracy is taking a firm hold in South Eastern Europe.

In the near future, several key stability and security issues in SEE will need to be addressed. I believe that they will have to be dealt with in a way that will ensure stability in our part of Europe as well as the continuation of democratic processes in the countries concerned. The continuation of an energetic and focused approach of the EU, the USA and the international community in general will, of course, remain vitally important and indispensable.

Croatia is ready to provide its contribution to strengthening all aspects of regional cooperation, among which economic and social development pose a particular challenge. There is huge economic potential in the SEE based on ongoing economic reforms buttressed with increased investments and mutual projects in energy infrastructure and many others. The overall modernization of South Eastern Europe will not be complete without improving its human dimension resting on the exchange of people, ideas and knowledge. In short, based on openness and sharing.

We will be able to achieve all of this only by strengthening regional cooperation based on the EU's vision and guided by EU principles. Loss of dynamics and direction in any of the SEE countries can have grave consequences for the entire region. In that context I would like to commend the efforts and results achieved by SEE countries on their way to the EU, in particular Romania and Bulgaria that are at its doorstep. Macedonia has deservedly earned candidate status, Albania is in the process of SAA ratification, Serbia will, I hope, fulfill conditions to continue as soon as possible, BiH is conducting SAA negotiations and Montenegro is bound to start them.

I would like to conclude by stressing how proud we are of the today's generally accepted image and profile of Croatia as a stable, democratic European country, capable of taking its share of responsibility for strengthening regional, European and Euro-Atlantic values in the name of peace, stability and progress. Of course, the image underlines the responsibility. Croatia will be up to that challenge.

Thank you.