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South Eastern Europe: From Stabilization to European Integration

Intro

- SEE remains an important area worthy of continued international attention and support. Things have improved but still a way to go before stability and prosperity are assured. Djindic assassination is a challenge yet also an opportunity.
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- Responsibility primarily falls on to shoulders of the EU, both in terms of financial resources and political engagement. EU accepts this and US actively supports it. SP is one manifestation.
 - SEE-EU Thessaloniki Summit represents centerpiece of this year's boost to the prospects for eventual integration into Europe. It will be an opportunity to signal EU political intentions as to next steps in the entire region. In my view this can only be a reaffirmed perspective for future membership.
 - We need to show concrete results in order to avoid "**fatigue**" in competition with *Iraq*, North Korea and other hot spots.

SAP and the Thessaloniki EU Balkans Summit

- Ideas on **enriching SAP** presented by Greece very *timely and relevant*. European Commission reports on SAP while not as ambitious, recognize the imperative.
- This important process must be strengthened and developed in order to **produce necessary results** both in the short and long term. Obvious *evidences on the ground* crucial for stability!
- It is important to make use of the **experiences of the current enlargement process**, i.e. the structural funds and other community programs for candidate countries, e.g. in the field of education. Most important to **link CARDS with PHARE** in order to "*bridge and coordinate*" support.

- The EU Balkans Summit in Thessaloniki in June is the next **crucial juncture** for the region; hence some *targeted decision* must be taken not only regarding a follow-up or review mechanism but also on strategies supporting Western-Balkan countries in view of the fact that more of their neighbors will become EU-members.

Role of Candidate Countries

- The SP targets not only the Western-Balkans but also candidates like **Bulgaria and Romania**. In my view, everything possible must be done to help them *keep up their cooperation* with their close neighbors.
- Moreover, new EU candidates, such as **Visegrad 4 + Slovenia** have an important role exploiting their recent transformation experience to benefit their Southeast European neighbors. This is particularly true with respect to *promoting business investment*.
- Romania and Bulgaria, as the only current EU candidates as well as being among the largest countries within the Stability Pact, will play an important role in such aspects as power suppliers and in making the **region more attractive to investors**.

Kosovo

- Kosovo is key in assuring forward progress on regional cooperation within the SP framework; hence I initiated “**sub-regional cooperation**” initiative.
- Underlying concept is that regardless of eventual status, for the sake of regional coherence, both economic and political, Kosovo needs to develop practical means of working with its neighbors on all sides.
- We cannot, for example, successfully build the **regional electricity market** and leave Kosovo out, both for its own sake as well as that of the region, as a whole.
- Expanding cooperation between UNMIK, the Provisional Institutions of Self Government and their neighbors has added a very practical aspect, which is *helping to build confidence*.
- This is my focus and priority and it seems essential groundwork, regardless of when and under what circumstances **final status discussions** will take place, as Kosovo needs these improvements in any case. However, the status question is *not an issue for me!* We are actively looking for other practical areas of concrete cooperation across borders and boundaries.

Principal Issues Facing SEE

- Top issue is asserting rule of law where we should consider combating organized crime as a required first step. As Belgrade response to Djindjic proves we need to promote regional operations against transnational criminal gangs with more direct participation by western police experts. Simultaneously we should accelerate the strengthening of local police as well as criminal statutes and criminal courts.
- Secondly, more is needed to improve the **investment climate** so that legitimate business does not continue to be turned away. This is critical if we are to enhance opportunities for private investment and employment, one of the enduring great needs of the populace in each country of the region.
- In the SP we have developed six **Core Objectives** representing areas where the Stability Pact can make a valuable impact:
 1. Media
 2. Local Democracy and Cross Border Cooperation
 3. Trade
 4. Infrastructure
 5. MARRI
 6. Combating Organized Crime
- These are areas of mutual concern to the countries of the region, where enhanced cooperation on a regional level would make a significant impact on the chances of the region for further integration into the **European mainstream**.
- And now we have genuine accomplishments to point to:
 - FTAs signed and now implemented
 - Energy networks being established (electricity now, gas soon)
 - SPOC Secretariat up and running



- At the same time, we have taken meaningful steps to streamline and align SP operations to these priorities
- Italian EU Presidency determined to carry these forward and to seek any and all instruments.