



**TALKING POINTS OF THE REGIONAL COOPERATION COUNCIL (RCC)
SECRETARY GENERAL,**

MR. GORAN SVILANOVIC

**SOUTH EAST EUROPE INVESTMENT COMMITTEE MINISTERIAL
CONFERENCE**

Sarajevo, 21 November 2013

Excellencies, Ladies and Gentlemen,

- It gives me great pleasure to welcome you at the Fourth Ministerial meeting of the South East Europe (SEE) Investment Committee, convened with only one objective in mind: endorsing the South East Europe 2020 Strategy.
- A year ago, you have tasked the RCC and the Investment Committee to come up with a full Strategy that will best embody the regional 2020 Vision and show the path how to reach the 11 targets; we return to you today with the document that you have before you.
- But before I go into further elaboration of the SEE 2020 Strategy, allow me a bit of introspection. I'll start with a couple of points:
 - First, Regional Cooperation Council was set up so we would have a dedicated organization to identify and pursue shared priorities of our participants
 - Second, our relevance as a regional organization is proportional to the value we provide to our participants.
- Why am I saying this here? Why today? Well, it is always good to put things into perspective and that's exactly what we've been trying to do in the period behind us, and especially since the beginning of this year. We've been rethinking our own role, the true priorities of the region and each of our countries, and finally, the value that we provide to our founders.
- RCC was established at a time when peace building, security and reconciliation were on everyone's minds inside and outside the region. The environment has

changed since and we are changing with it. It is clear that in a situation where we have shed 800,000 jobs in five years, doubled the public debt, and are yet to witness robust growth, the competitiveness and development agenda clearly tops our list of priorities.

- Also, in our relationship with the EU, both bilaterally and as a region, the economic development agenda features more prominently than ever. This is only illustrated further by the priorities contained in the Enlargement strategy published last month. This is not a surprise, of course. Our citizens currently enjoy roughly a third of the EU GDP per capita and the economic criteria for EU accession remains quite clear – functioning market economies and, I underline this, capacity to compete.
- Finally, at least in economic terms, size does matter. Even as a region, the collective size of all our economies is roughly same as that of Portugal, so not exactly an economic powerhouse.
- I'm not trying to make a case for regional cooperation as I think no one is disputing the need for us to work together at the end of 2013. The countries have clearly recognized their common interests already in trade, investment, transport, energy, etc, and we have a lot to show for this cooperation as well. What I want to do is to make a case for doing it smarter, more targeted and more strategically.
- This is where SEE 2020 comes in. The Strategy, hopefully endorsed today by all of you, will help us introduce a new period of regional cooperation, (i) one that has clear objectives and targets, (ii) one that's focused on those areas that offer greatest potential for joint action and result, and (iii) one that has mechanisms to follow through on what has been agreed.
- So let's start with objectives and targets. SEE 2020 was initiated with a clear vision on your side and a set of 77 national and 11 regional targets adopted by you to give us a clear direction where we want to go. Additionally, the targets are also intended as indicators of impact, measuring what we're doing in terms of SEE 2020 implementation, but also in terms of general policy reform. So measurability is quite important.
- I want to make a note here - the targets were put forward by you, by the governments. The regional targets that make the backbone of the SEE 2020 are nothing but sums and weighted averages of national targets. If the countries are ambitious, the region is bold. If the countries are cautious, the region is cautious as well. This differs from the approach taken in the EU where the EU-wide targets were set first, followed by the national ones. I think it's clear why we could not and would not do this.

- It is encouraging for us to see that these targets are making their way from the SEE 2020 strategy into some of the national strategic documents, such as the Country Strategy Papers being developed in the process of preparing for IPA II. This is very useful as it demonstrates that the priorities set by the governments are also the priorities set for IPA funding.
- Moving from the targets to the priority areas, we have to note that although joint action makes sense, it does not make sense everywhere and always. From the perspective of growth and competitiveness, we've selected several policy areas where your colleagues in the governments and us felt that we can move forward and show results through multilateral action. Trade and investment is one such area where we feel that greater regional integration can lead to better economic results. Innovation is another, where by pooling resources we can attempt to specialize in some areas. Education quality and qualification frameworks deserve our attention at the regional level, as not dealing with them would create barriers for any future mobility. Employment is also being looked at from the labour mobility perspective, as well as the exchange of policy experience together with DG Employment, as the labour market situation is quite similar across the region. Infrastructure is a clear area for regional action, as transport, energy and environment all have a regional outlook.
- Over the past year we've consulted with over 1,500 representatives of the governments as well as the private sector and the civil society organizations to come up with these priority areas and measures and actions. The proposed text of the Strategy that is on the table contains 86 measures, policy actions and instruments in 16 policy areas. In other words, a handful.
- We believe that the way to prioritize this further in the implementation is to take a sectoral approach. This is not something unique for our thinking or for this region. Virtually any type of regional economic integration effort has used sectors as a way of making cooperation concrete and tangible. The EU itself grew out of the cooperation in coal and steel sectors. With this in mind, we have held the first set of consultations with the SEE 2020 participants and have reached a consensus on two first sectors for prioritization: (i) food and beverage processing and (ii) tourism. These sectors will be seen through the lens of the five pillars of the Strategy – integrated, smart, sustainable and inclusive growth, underpinned by good governance - through prioritizing removal of trade barriers and promoting investment in the given sector, upgrading skills and promoting labor mobility, prioritizing infrastructure investment to support supply chains related to the sector, and ensuring an enabling governance framework. In other words, we want to make sure that most of the things we do in the implementation of SEE 2020 in the next

few years addresses these sectors first. The integration of businesses in this approach will be crucial and we are already making links with the chambers, business associations, but also with some of the biggest and most important companies in these areas. The sectoral focus is also clearly noted in the proposed Ministerial statement before you.

- Now, after touching upon the SEE 2020 targets, the priority areas and some of the implementation methods, I want to mention briefly how this Strategy can also have a potential role in shaping the economic governance of the region. I mention this as it appears that economic governance is quickly becoming a key priority in the enlargement, at least judging by the last Enlargement strategy and progress report. In any case, it is clear that the EU is attaching great significance to this.
- SEE 2020 is a regional strategy, but it envisions action at the national level. The Strategy itself foresees the development of national SEE 2020 agendas. These agendas will identify gaps between what is needed to achieve the SEE 2020 objectives and the current national strategic frameworks and actions being undertaken. In other words, the national SEE 2020 agendas represent an excellent basis for stock-taking and could be also used as national competitiveness reform programmes. On the other hand, there will be a detailed monitoring system put in place to review progress being made in the SEE 2020 implementation. This could also be made part of the annual cycle of progress review within the wider economic governance system. In other words, we have to be mindful of the capacity in our administrations and very careful that we are not overburdening this modest capacity with different types of monitoring systems and governance arrangements. I invite you in the countries, but also the Commission in finding the best way to blend these processes together.

Excellencies,

- Before I conclude, let me note a couple of important ingredients that will determine the success of this Strategy and our common endeavour:
 - SEE 2020 is a piece for the philharmonic, rather than the chamber orchestra. We are talking about 7 economies, with anywhere between 8-20 ministries and agencies participating in each, in addition to 15 regional dimension coordinators. If we add private sector, civil society, international organizations, donors, IFIs and others to this mix, one cannot overestimate the importance of coordination. RCC sits in the middle of this coordination process, but its quality as a conductor will rely on each and every instrument in the orchestra, and while we do have some virtuosos, a lot of capacity will need to be developed.

- Which brings me to my second point, and that is resources. As we are all aware, this is a serious endeavour and it requires serious investment. One of the objectives derived from those 11 targets put forward by the countries is creation of one million new jobs by 2020. Understandably, the press has picked up on this first and our inboxes are already filling up with applications for those one million jobs. Seriously though, if we are to come anywhere close to fulfilling this objective we will need to mobilize considerable resources. Just look at the current needs in our governments, the lacking finance in our private sectors, the state of our infrastructure. We will need to look outside our budgets, work closely with the private sector and facilitate public private partnerships.

Ladies and Gentlemen,

- I think it's safe to say that we have travelled a long journey together over the past couple of years and we are honoured to have been on this journey together with you. This has been a truly transformative process for us at the RCC.
- The support and commitment of the governments, regional structures, and other partners has been crucial and I thank you for that. The ultimate measure of our joint ambition is your readiness to come up with a common reform agenda. This takes not only vision, but also determination and courage to follow through.
- Finally, I want to extend my particular gratitude to the Government of Bosnia and Herzegovina. The efforts put into this activity under the leadership of the Ministry of Foreign Trade and Economic Relations are one of the main reasons why we are here today. We thank you for being a reliable and active Co-chair in this crucial phase of SEE 2020 development.
- It is with these words that I pass the floor to Deputy Minister, Ms. Salkicevic - Dizdarevic, to address the Ministerial meeting.

Thank you.