

INTERVIEW: Goran Svilanovic, Secretary General of the Regional Cooperation Council (RCC)

Secretary General of the Regional Cooperation Council (RCC) Goran Svilanovic speaks about SEE 2020 Strategy, regional relations, RCC plans and activities in the interview to ONASA Agency

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SEE 2020 was adopted at the Ministerial Conference of the South East Europe Investment Committee late last year. How far into implementation is the document?

SEE 2020 Strategy was inspired by the EU's *Europe 2020* and the two strategies have four pillars in common and one that differs and relates to economic governance. This is what makes the difference between the accession countries and EU states – the need to improve economic governance, i.e. government's efficiency. Other elements are similar and the Strategy is focused on economic growth and employment as we recognized this as the issue common to all the countries of the region.

In each country of the region, political elite does not have sufficient understanding of how dramatically large the issue of unemployment is.

The process of development of SEE 2020 started in 2011 at the meeting of ministers of economy of countries from the region who defined several ideas of how the region should look like. In November 2012, the ministers precisely defined the regional objectives to be attained by 2020. The RCC prepared the Strategy to respond to the question of attaining the objectives ministers defined. Tackling unemployment is the largest and most concrete objective of the Strategy.

The 2010 employment level was very low as it is now too. The average regional GDP per capita was close to 35% in 2010 compared to that of at that time EU-27. This percentage is not realistic since Croatia's average was over 60% and BiH was close to 28%. The aim of what regional ministers of economy agreed is to have GDP close to 50% by 2020 compared to that of the EU member states. This is one of the poorest regions of wider Europe and we are not on the level to ourselves to see where we stand.

SEE 2020 is an attempt to support what each of the governments in the region is basically trying to do. I hope the Strategy will encourage politicians in the region to focus on actual issues – high unemployment rate and poor figures in terms of macroeconomic situation. Let's put it like this, as regards BiH, close to 12% of GDP is used to fund the state, i.e. public sector. Things need to change in this respect and here I do not mean layoffs in public sector. One of the recipes for the way out of the crisis is to make saving but savings cannot be the only recipe for getting out of the crisis. Encouraging countries of the region to invest in what generates growth is at the heart of the Strategy; however, there is the issue of over-indebtedness due to which governments cannot enter into new loan arrangements.

The RCC presented the report outlining the progress in implementation of Strategy objectives on 19 June in Bucharest. Some progress was made in the implementation of some of the Strategy objectives; however, when it comes to the main ones – employment and GDP growth – there has been no progress yet. The RCC will present the Annual Report in June each year and this will be our contribution to what the general public in the region expects – progress and positive progress reports.

With the Strategy that will be in the focus of RCC's activities, the organisation will be providing concrete contribution.

Behind the Strategy lies a larger political idea in the EU accession process. With Croatia's entry into the EU, a part of the process was completed. All of us in the region are at a new stage of EU accession process and I believe that it will take at least two election processes in each of the countries before the EU accession. Currently we are in the phase when we carefully read the results of elections for EU Parliament, and these results send a message that anyone wishing to do politics in the EU will have to seek support from the citizens.

In order to get the support from the EU citizens for accession policy, EU citizens need to see us as someone who is similar to them, first and foremost economically as well as in other segments. The richest country in the accession process is poorer than the poorest EU member state and thus the accession process will be very difficult. It means that there is some anxiety in the ambiance of restraint of EU citizens who are the ones actually deciding on our membership. At the moment, large number of votes went to those who are sceptic about the EU enlargement and we in the region need to be aware of this fact.

This is why there is a larger political idea behind the SEE 2020 Strategy. Political issues will be resolved but unless we grow economically, it will be difficult to persuade EU citizens to accept us. I believe that each of the countries of the region will be in the EU but I have to say that it requires a large step forward in the economy. One step forward implies governments investing in economic growth of their country and the other implies awareness that it won't get off the ground unless corruption is reduced and the rule of law is in place.

One of the most important segments of the Strategy is the reform of education since our educational system trains people in various professions who, after finishing their education, are either not fit to do anything or cannot do what they have been trained for. This is a major issue throughout the region as the region produces one million young, highly-educated people annually and one of the objectives of the Strategy is to increase this number to 1,300,000. However, if what these young people are trained for does not meet the needs of labour market, this number will mean nothing. The percentage of unemployment of youth is 2 times higher than the average unemployment, i.e. out of 5 young people 4 are unemployed which implies that if you are young and employed, you are a minority. Before the crisis, unemployment was at 18% and now it is close to 30%. At Belgrade Economic Summit I said that governments in the region had two dilemmas. First being to maintain the current level of earnings, i.e. that a person who gets a job can count, by way of illustration, on salary of 450 EUR or to open two jobs where both spouses would work for 350 EUR. It is a tough choice. Serbia is very seriously discussing the level of salaries and pensions in terms of the country not being able to pay it since this is the consequence of political decisions made in 2008, and each

country of the region will start thinking in a similar way.

This is, in fact, the essence of the new political approach, i.e. how to employ people in order to preserve what makes up the society – family.

When the Strategy was adopted you said that the focus would be on one of 11 objectives, i.e. on opening jobs in the region. Are you satisfied with to date implementation of this objective?

My mentioning that one of the objectives of SEE 2020 is one million jobs is the thing that most usually got picked up by media. From 2008 until the financial crisis broke out, 800,000 people lost their jobs, meaning that 800,000 people need just to be back on their jobs. Let me remind those suspicious of the one million jobs objective of these 800,000 and if nothing is done, the message sent to those people will be that they will in fact never work again. This needs to be changed urgently and employing these people needs to be the utmost priority of each government in the region, and all of us together!

Have the governments of the Strategy Signatories developed the action plans they had been tasked with?

The RCC focused on three things, first one is cooperation with regional organisations which have specific knowledge in the given areas; second is development of national action plans in cooperation with the governments defining concrete actions to move forward, and third element is coordination and monitoring of activities in individual countries what is the job of the RCC.

You can already find on our website the indicators showing what countries did in terms of the implementation of Strategy objectives. We will try in this way to develop a kind of a competition amongst the countries. We will also try to establish public control so as to be able to monitor how far the countries in implementation of the objectives are. We are aware that these objectives cannot be attained in a short period of time; they are to encourage the governments to move in a given direction and to know what this direction is and what they need to do. This is what the Strategy is for. One of the elements of the SEE 2020 is to agree that a truck transporting goods from Croatia to Albania does not need to stop at every border crossing. This agreement is basically quite simple; it is necessary, with the EU support, to develop an agreement of accession countries to shorten the transport of goods, thus speeding up the trading process. One of the objectives ministers agreed is to increase mutual trade. Currently, export to neighbouring countries accounts for only 15% of the total export of countries of the region. We believe that this percentage can increase in the region and even beyond.

Only 5% of what countries of the region export is of added value and everything else is pure raw material or minimally processed raw material. It means that it is necessary to make considerable investments into science so that things we export would have added, technological value. It is for this reason that the Regional Strategy for Research and Development for Innovation was adopted in Zagreb this year where it was agreed to develop a regional centre for research and innovation which should become operational next year.

Visit of Serbian Prime Minister Aleksandar Vucic caused a reaction in Europe and region. Do you believe such visits could strengthen regional cooperation on the path towards the EU?

During his visit to Sarajevo, Prime Minister Vucic visited the RCC, thus clearly demonstrating the extent to which Serbian Government is focused on the areas in which the RCC works. In the talks Vucic had with BiH officials large attention was paid to economy. Serbia is very much interested in improving economic cooperation with BiH and Vucic's message was very clear. This visit also has a political weight since it was his first foreign visit after being appointed Prime Minister of the Government of Serbia. It should be understood as a strong support to BiH. In the same way he spoke in Sarajevo, Vucic spoke in Europe too. His visit should be seen as a strong support and improvement of relations but also as a large interest in improving economic cooperation. Political topics did not disappear from the table but I am encouraged that the EU accession lodestone is very strong and this was demonstrated in tackling the open issues between Ljubljana and Zagreb, and Belgrade and Prishtina. This, unfortunately, was not demonstrated in the case of BiH but it does not mean that it will not be demonstrated in near future and no one should give up on it.

Will the fact that Serbian top officials did not accept the invitation to attend the marking of the centenary of the First World War due to certain historical events and messages written on some monuments in Sarajevo slow down the progress in bilateral relations?

Some say we have too much history which we cannot deal with. This history is ours and we cannot escape it for better or for worse. I think that the first official foreign visit of Serbian Prime Minister being to Sarajevo is an important gesture and that it should be accepted as a large sign of encouragement. There was a lot of fuss around the centenary of Sarajevo assassination which did in a way impacted a number of historical changes but it is subject to various interpretations. We probably need more courage in order to agree on how to understand some processes. At this moment there are several dates which are being disagreed as to how to read them. For example, in the case of marking the anniversary of Oluja and Bljesak which Croatia celebrates as the process of national emancipation and Serbia grieves since it sees it as the day when hundreds of thousands of Serbs had to leave their homes. We will see more of such different readings of dates but they should not hinder us or make us sink into this, i.e. start digging some new trenches again.

Politicians' job is to address their own constituency and to, at the same time, send messages to the neighbours as to what they wish to achieve. I have carefully listened to what Vucic said in Visegrad and saw it as a sound and restrained speech which did not differ from what he said in Sarajevo. This is very important for the honesty in communication and not saying one thing in Sarajevo and another in Vienna.

Could social protests in the region 'bring around' the politicians to move forward towards the EU?

I hope they can as I hope that politicians and intellectuals will think about what is happening. It is not the case just in our region since election results in Italy show that 24% of voters voted for someone who is not a politician or a political party and one cannot say with certainty what they want except that they despise everything that is government. Similar results were in Greece too. It is a widespread occurrence which is not only a characteristic of this region. People are demanding a new social contract, a new agreement on the environment in which they will live and work and hence their protest is directed to anyone with the power to decide. It is with great attention that I expect to see whether and how this will influence political race prior to elections, what the rhetoric

will be and what result this will produce after the elections.

How satisfied are you with the work of the RCC and which activities are planned for the future?

The RCC is one of the two international organisations with its headquarters in Sarajevo and RCC's mission is to assist countries in meeting their goals, i.e. in the process of accession to the EU and NATO. We were very happy after Croatia entered the EU and this is an encouragement for all the aspiring countries. Our mission will be fulfilled once all the countries of the region are members of the EU. We are very attentively expecting to see what will happen with the Montenegro's aspirations to be invited into NATO membership, which would be an encouragement.

To what extent can professional and independent media contribute to regional cooperation?

The situation in media is very difficult throughout the region; media ownership is often blurry and unclear, opening large space for political influence of owners and quasi owners. In fact, if you bring journalists down to a low pay, they are themselves prone to different types of influence and opportunity for corruption and I believe that the system should be strictly regulated so as to know the media ownership structure and to have precise and proper mechanisms to guarantee the freedom of information. The current situation is between the hammer and the anvil as on one side there is freedom of media and on the other private ownership over the media. In the minds of many media owners this implies that they can do and write whatever they want, whereas balance needs to be found.

One of the issues is media adaption to new technologies since, for example, printed media adapt to new ways of communication with difficulties.

The RCC has invested much effort in establishing and developing Media Law Academy. Over the past two years, two meetings were held, in Zagreb and Sarajevo, and the RCC gathers young journalists from the region and gives them the opportunity to talk to people knowledgeable about media law. We did this with Dunja Mijatovic, OSCE Representative on Freedom of the Media, and I hope we will continue it in future since I do believe there is a need for this.

Our focus is primarily to have the Media Law Academy gathering as wide a group of people as possible, who will, as journalist, mark cultural, spiritual, political and social life in the region, and to have them get knowledge and learn as much as possible. The RCC has made an attempt to specifically support public broadcasting services in the region as they have big issues and one of the biggest is funding.

If they are funded by governments or parliaments, they are prone to their influence and their funding is never done on regular basis, they are prone to anyone's influence as they do not have sufficient money. The RCC tried to gather regional PBSs within the European Association of Public Service Media and establish a group which will communicate on regular basis with the aim of assisting them to, by means of agreement, find the best and most functional modus operandi or to act jointly within the European Association of Public Service media. (end)