

**"Regional Cooperation, Stability
and the Way towards the European Union"
Gernot Erler, Minister of State at the Federal Foreign Office**

Secretary General,

Excellencies,

Ladies and Gentlemen,

It is a great pleasure for me to speak to you here today. First of all, I would like to thank Mr Hido Biscevic and the Regional Cooperation Council most sincerely for their generous hospitality and for organizing this event.

Regional Cooperation Council (RCC)

Just a few days after the first anniversary of the Regional Cooperation Council's foundation this seems a good moment to look back at what has been achieved and reflect on the challenges ahead. With the hand-over from the Stability Pact for South Eastern Europe to the RCC on 27 February 2008 the expansion of regional

cooperation in South Eastern Europe took an important step towards bringing the entire region closer to the European Union. You will remember that, in the summer of 1999, the then German Presidency of the European Union proposed a Stability Pact for South Eastern Europe. It was designed to avert new vicious cycles of violence and counter-violence to safeguard Europe's long-term security and to create stability in the Western Balkans. This region has since made significant progress. Violence has been discredited as a means of realizing political goals in the Balkans. The establishment of democratic institutions and the development of civil society are on the right track. Economic development is progressing, albeit still slowly in places. Regional cooperation is becoming stronger and integration into Euro-Atlantic structures has come a long way.

Germany has always been committed to the Stability Pact; we will remain as committed to its successor, the Regional Cooperation Council. This is especially true for the RCC's first years of existence, which will be of crucial importance for the future security, stability and prosperity of the European continent. As a member of the RCC Board we are ready to provide guidance when

requested; we committed ourselves to provide a voluntary financial contribution to the Secretariat until 2010. And – as a EU member state - we will actively accompany the way ahead within the framework of the European Union. The clear European perspective for the countries of the Western Balkans as well as the principles and priorities of the European Neighbourhood Policy constitute the framework for the individual bilateral relations of the RCC's member states with the EU. The RCC should rely on these pillars to generate synergies and facilitate progress on the reform agenda the EU is developing with each of the countries.

The General Secretary of the RCC, Hido Biscevic, the SEECF Chairmanships of Bulgaria and Moldova as well as the RCC Secretariat have worked hard to establish the new structures and make them visible. They are on a promising road to establish the RCC as the prime partner concerning regional issues – both for the countries of the region and for external partners such as the EU, NATO and other international institutions. The German Government welcomes the successful start of the RCC and its initiatives to strengthen regional co-operation. The General Secretary and the

incoming SEECP Chairmanship of Turkey will now bear a unique responsibility for making the RCC a success. I wish you, Mr Biscevic, and the Moldavian and Turkish SEECP Chairmanships all the best.

Germany strongly believes in regional cooperation between all countries of South Eastern Europe. It is comprehensive regional participation that made the Stability Pact such a unique instrument of civilian crisis prevention. Therefore, it is important that Kosovo becomes fully integrated into regional structures. It is in your interest and the interest of the entire region to make the RCC a forum where all countries of the region and donors come together and work on technical issues - even in difficult times. Whether countries participate in the new structures, whether they cooperate and show full commitment will bear relevance for a wider context, too: It indicates the willingness and capability of countries to cooperate in larger organisational structures successfully, such as the EU and NATO and will be a sign of political maturity.

Destination Europe

2009 is an important year for the European Union and for Europe as a whole. Five years ago, in May 2004, ten new countries joined the European Union. It is time to assess the impacts of these enlargements. On 7 June 2009, a new European Parliament will be elected by the citizens of the EU member states. A new European Commission will come into office at the end of the year. And: we want to pave the way so that the Lisbon Treaty can enter into force as soon as possible.

The Lisbon Treaty will not only make the European Union more democratic. Through the reform of its institutions it will strengthen the ability of the enlarged European Union to act. Only the Lisbon Treaty can create the basis for the future integration of new member states. It will make the EU ready for further enlargements. This is why the Lisbon Treaty is so important also for the Western Balkans.

The Western Balkans region enjoys a clear European perspective. Germany has always been a strong supporter of this European

perspective for all countries of the region, including Kosovo. Their future lies within the European family. Our final goal is that one day all countries of the region will be members of the European Union. This perspective is vital for the stability and prosperity of the whole continent.

For reaching this goal the EU has linked its enlargement process to a strict but fair conditionality which is the same for all countries that want to join. Each country will be assessed upon its own merits.

The perspective of future EU membership is the strongest tool the EU has to encourage reform and the adoption of European standards. Achieving these standards lies in your hands. It is in the responsibility of Bosnia and Herzegovina itself to accelerate and reinvigorate the reform process that has in recent months unfortunately slowed down.

Acceleration of the reform pace is important: in the enlargement process there will be no automatism, no shortcuts. There are no

'fast track' procedures to EU membership. The successful implementation of reforms and the fulfillment of the priorities of the European Partnerships are the only way towards membership. Reforms need time, efforts and strong commitment. But reforms are in the core interest of the people of the region. And tangible results in the reform process are necessary to explain to our citizens in the EU member states that future enlargements are also in their own interest.

The main element on the way towards EU membership is the Stabilisation and Association Process (SAP). Stabilization of the region and integration into EU structures as well as supporting institutional and administrative reforms are key objectives. Good governance, an independent judiciary, the rule of law, a functioning political dialogue and freedom of the media are core issues in this process. And what is also important: Bosnia and Herzegovina only as a whole, not parts or entities, have a perspective to enter the European Union.

The signing of the Stabilization and Association Agreement (SAA) in June 2008 has been an important step for Bosnia and Herzegovina on its way towards the European Union. The interim agreement entered into force the 1st of July last year. The SAA includes the offer of attractive political and economic incentives, but on the other hand an obligation to undertake comprehensive reforms.

The latest progress reports by the European Commission point out the challenges the region faces, among others corruption and organized crime. It is therefore essential to overcome these challenges at every level and to strengthen the rule of law and build up a professional public administration.

The European Unions is an active player to encourage and support reforms in the region: with knowledge, expertise and not least with financial support, mainly the Instrument for Pre-Accession Assistance (IPA). Between 2008 - 2012 the EU contributes with more than eight billion Euros through IPA to this process. The EU is the biggest donor to the region. Germany contributes more than 20% to

the EU-budget. During 2008 and 2012 Bosnia and Herzegovina will be supported by more than 480 Million Euros. IPA focuses mainly on institution-building, democratization, economic and social development and regional and cross-border cooperation.

Germany is also strongly committed to the ongoing dialogue on full visa liberalisation with the EU. We call on Bosnia and Herzegovina and on all other Western Balkan countries to meet the standards that the European Commission set out in detailed road maps as soon as possible. Full visa liberalisation would be the strongest tool to foster more people-to-people contacts between the Western Balkans and the European Union.

Let us therefore make 2009 also a European year for the Western Balkans.

There are other challenges waiting that still have to be addressed – challenges that also lay mainly in the hands of the individual countries.

Bosnia and Herzegovina

It is no coincidence that Sarajevo has been chosen as the site of the RCC Secretariat. The situation in Bosnia and Herzegovina serves as an excellent example for the imperative of regional cooperation.

Bosnia and Herzegovina has been a state under international supervision so far. With transition from the OHR to a reinforced EUSR, who will enter office once the OHR has been closed, Bosnia and Herzegovina will have to take more responsibility for its own future.

With this happening, Bosnia and Herzegovina's three neighbouring countries – Croatia, Serbia and Montenegro – have to step up their contribution to the stability of Bosnia and Herzegovina. So far, there have been encouraging signals and positive statements:

Croatia's State President Mesić underlined two weeks ago here in Sarajevo that Serbs and Croats in Bosnia and Herzegovina should direct their policies towards the country, and accept Sarajevo as

their capital. I believe this is a statement all of us can support without reservations.

Serbia's President Tadić has reiterated his support for the Dayton Accords and Bosnia and Herzegovina's territorial integrity. The role of Montenegro is often ignored: Its way towards independence does not suit as a blueprint for secessionist tendencies. I trust, in this respect, we have a close ally in the Montenegrin Government.

Politicians in Serbia and Croatia have to make clear that the future of Bosnian Serbs and Croats can only be within Bosnia. All neighbouring countries have to understand that it is in their interest not to adjoin to a country with a blurry political future, lagging behind in EU and NATO integration. They might want to share their experience in EU integration, in order to speed up Bosnia and Herzegovina's adhesion to the EU, hence making a significant contribution to regional stability. Enhanced contributions to the stability of Bosnia and Herzegovina will also be considered a sign of political maturity, which will benefit integration prospects of the neighbouring countries themselves.

But it is not only against the backdrop of political stability that neighbouring countries might have an interest in an efficiently functioning State of Bosnia and Herzegovina: Bosnia has an enormous potential for renewable energy production, mainly in the field of hydroenergy. If Bosnia creates favourable conditions for investments in that field, this will serve the economic interests of all neighbouring countries.

Kosovo

As far as Kosovo is concerned, things seem to be advancing quite well.

In December 2008 EULEX Kosovo has taken on a lot of the tasks previously performed by UNMIK. EULEX actively contributes to the stabilization of Kosovo in the police, justice and customs sectors. Despite the differences existing between Belgrade and Pristina – on status of course, but also on the “Six Points” – I am happy to note that there is at least one clear consensus between them: to give support to EULEX and to acknowledge the benefits the mission will entail for the whole of Kosovo and for all its inhabitants. I trust that

this consensus stays intact and that EULEX will be able to perform its duties efficiently and effectively Kosovo-wide.

EULEX is generally well accepted by the local population and yet it will continue to be tested, as the incidents in Northern Mitrovica around the turn of the year have shown. At the end of March full operational capability with 1.800 international and 800 local experts will be reached so that EULEX will be able to fully increase its presence and its activities in the entire territory of Kosovo.

Each country of the region has its own specifics and therefore also its own specific problems. So does Kosovo. The challenges it faces are considerable, in particular in the areas of improving economic conditions, minority rights, institutional reform and capacity building.

However a lot of the problems that Kosovo has to cope with are not so different from those of its neighbours. To a certain degree all the states of the Western Balkans need to consolidate their state structures, make progress in the field of rule of law and economic

reform. Therefore Kosovo, as the other countries of the region, needs the support of the EU as well as the integration in regional organizations, among them first and foremost the RCC.

The development of all countries of the Western Balkans including Kosovo depends not only on their ability to put into practice the necessary reforms but also in large parts to their degree of regional integration. In this respect, Pristina's participation in regional networking activities, involving the RCC and its members, is inalienable for its own prosperity and therefore of the whole region's stability. I am well aware of the different positions within the RCC with regard to Kosovo's status. But - as Mr. Biscevic recently emphasized in an interview - this only proves the "need for dialogue, for enhancement of political culture, mutual understanding and respect, even when differences are evident."

Serbia

Germany welcomes the pro-European approach of President Tadic and the Serbian Government under prime Minister Mirko Cvetkovic.

I am impressed by the stability and consistency of the Serbian Government comprising not less than 14 parties. The fact that the radical forces split over the question of EU-accession speaks for itself. I very much hope that the economic crises that we face now in all our countries will make the pro-European forces in Serbia even stronger.

Germany strongly supports Serbia's EU perspective. But as EU-integration is an owner-driven process, further integration depends on the fulfillment of the political criteria and concrete reforms within Serbia. One of the most important political criteria is full cooperation with ICTY. In this context, the arrest and hand-over of Radovan Karadzic has been an important signal of the new Serbian Government that we want to honour. This is why Germany supports the quick implementation of the Interim Agreement with Serbia. However, this kind of political decision requires consensus among all EU-member states, which we have not quite yet reached.

There is, however, consensus within the EU that Serbia's full cooperation with ICTY remains a precondition for the ratification of

the SAA. We therefore expect Serbia to fully cooperate with ICTY, which means in particular that the search for the remaining two indictees, especially for Ratko Mladic has to be intensified. I very much hope that they will be arrested soon to finally solve the limbo position Serbia is still facing on its way into the European Union.

In this context we all know the immense importance of the visa liberalization process for the people on the Western Balkans. Further visa liberalization will be an important contribution to the stabilization of the region and will contribute to the pre-accession process. Germany therefore welcomes that the Commission has launched the dialogue on visa liberalization with Serbia which clearly defines the conditions. The EU and Germany are prepared to continue to assist Serbia in making good progress on the difficult path towards visa liberalization, along the individual visa-roadmap. The Commission's report in April will show how far Serbia has proceeded.

Croatia

Let me highlight a different issue that I believe underscores the relevance of regional co-operation. Over the last weeks, we have seen how a bilateral issue may all of a sudden come to the fore and gain political prominence throughout the EU and beyond. When I am saying “all of a sudden”, I am obviously referring to the perceptions of observers and the public outside the region. The issue I have in mind is the border dispute between Slovenia and Croatia. It has had an impact on both EU accession negotiations and on Slovenia’s ratification of Croatia’s NATO accession protocol. This has caught many outside observers unaware and left them somewhat puzzled. I can confirm this from my own experience, namely from the questions I am getting from colleagues and concerned citizens in Germany.

I would like to make three remarks on this issue.

First, I very much appreciate the efforts undertaken by the two parties and by outside actors, in particular the European Commission and the EU Presidency, to tackle the issue and its ramifications, in particular for accession negotiations. Germany

fully supports these efforts and expects them to be successful as soon as possible. We want to welcome Croatia as a fellow member in the North Atlantic Alliance at its 60th anniversary summit in Strasbourg and Kehl and no effort should be spared to achieve this goal. Any other outcome would send a highly negative signal. We also believe that EU accession negotiations with Croatia should not be influenced unduly by this issue. Germany believes it is in everybody's interest to find a mechanism for separating the border issue from accession negotiations – a mechanism that would permit swift progress on the border issue itself and – in parallel – progress in accession negotiations. We look to Slovenia and Croatia to solve their border problem in due time and in a non-controversial manner. By doing so, both parties would live up to their commitment to good-neighbourly relations. This would give an excellent example to the region of how to deal with a bilateral issue. Second, I believe we need to ask ourselves what lessons we should draw from this issue. Let me speak as the friend and advocate of the Western Balkans that I have been for many years now. My belief is that it would be highly detrimental to public support for further enlargement within the EU – but possibly in the candidate countries

as well – if more bilateral issues arise in the context of enlargement; issues that the general public in the EU would deem arcane and falsely characteristic of the region. I am afraid that there might be a number of additional questions that have a similar potential for interfering with accession negotiations and enlargement. It is natural and probably unavoidable that these questions come up; in particular considering the historic background of the region. However, my message is that we must not allow these questions to undermine public support for enlargement.

And this leads me to my third point. How do we avoid that these skeletons appear from their closets at the most inopportune moment? The answer is simple: You need to take them out beforehand. The region needs to address any unresolved issue upfront, low-key and in the spirit of co-operation and mutual understanding that future members of the EU need to exemplify. Some of these issues will be bilateral in nature, but many of them will be regional issues or issues where regional experience might contribute to solving them.

Regional Cooperation - a necessity in its own rights

Leaving these issues aside allow me to come to the challenges ahead for regional cooperation and the RCC. First of all, I would like to address a misunderstanding which sometimes seems to pervade discussions. It is the misunderstanding to consider regional cooperation in the Western Balkans only as a stepping stone towards European and Euroatlantic integration. I believe that the Western Balkans is a region where regional cooperation is a political and economic necessity; and I would like to underline that this is not due to it being a condition for EU integration. Regional co-operation is a necessity for its own sake, both for the countries of the region and its peoples.

A look back to the founding of the Stability Pact might help to make this idea clearer. This organization reflected the determined effort by the International Community to stabilise the region. It was also meant to push for cooperation and integration and to overcome the isolation from Western Europe. It was based on the fact that all issues of instability were intertwined and, therefore, had to be

tackled comprehensively. Thus, it provided the foundation for political stabilisation, reconstruction and economic development.

Regional structures are not only vital prerequisites to solve regional problems. They can also be an important contribution to master European and global challenges. Allow me to explore just one area that might demonstrate how essential it is to make progress in regional cooperation. It covers a subject most of us were concerned about earlier this year: the supply of energy.

Bosnia and Herzegovina, as you are aware of, holds the presidency of the Energy Community until June 2009. The Energy Community provides a framework in which the South East European region can cooperate on rebuilding its energy networks after the disintegration of a unified energy system and create the conditions in which its economies can be rebuilt effectively. A regional approach to energy security offers significant advantages both in terms of improved utilisation of existing supply and production capacities as well as optimising future investments. The *raison d'être* of the Energy Community is to facilitate this process. Ultimately it will also

support the integration of the region into the internal energy market of the European Community. The ongoing negotiations for extending the membership to countries such as Ukraine or Moldova proves that the Energy Community already is a success story.

The recent gas dispute between Ukraine and Russia hit South Eastern Europe very hard, especially Bosnia and Herzegovina. Germany and German companies tried to mitigate the consequences as much as possible. But key to avoiding the costs of interrupted deliveries of gas is diversification, energy efficiency and renewable energies. The Energy Community helps advancing all these policies. Therefore we very much welcome the idea of establishing a Task Force on renewable energies under its umbrella. You may know that a European directive on renewable energies agreed at the European Council in December 2008 foresees the cooperation between EU member states and member countries of the Energy Community on the import of green electricity which counts towards national targets.

Energy is only one example where Governments and people can profit from regional cooperation. The RCC has identified numerous other fields of cooperation and has to be commended on its far reaching work. Germany would like to encourage you to continue on this way. What is important now is to initiate concrete regional projects from which ordinary people benefit. I believe this is one of the best ways to promote regional cooperation. Areas of regional projects are quite obvious. They reach from improvement of regional infrastructure and intensification of regional trade to regionally used universities.

Now, if those are some of the benefits of regional co-operation, the good news is that the region is better placed to exploit regional co-operation than most. The countries of the region share a rich history – sometimes for better, sometimes for worse – and this is an indispensable reference point for a joint understanding of the future.

The same holds true for an asset that is unique and invaluable: The people of the countries themselves. I tried to think of a region

where there is a similar potential for interconnectedness between peoples and citizens of different states and the truth is: I could think of none. There is a wealth of ethnic, linguistic and historical ties across borders that the region should exploit much more actively. These ties are sometimes perceived as a burden or even a menace. They are only if measured with the completely outdated yardstick of the homogenous nation state. This is a spectre that I believe is rightfully dead and buried, the world over, and in particular in the Western Balkans. We are now free to see the tremendous contribution these many ties across borders may give to mutual understanding and co-operation on all levels, be they people-to-people contacts, education, culture, trade and investment or politics. I do not mean to idealize. Obviously, these ties across borders also present policy challenges. But the goal should be to turn these challenges into creative tension and into a dynamic process across borders, involving all stakeholders. In one word: into regional cooperation.

Along with other donors and partners, Germany remains ready to support regional cooperation in South Eastern Europe. But of

course, as we all know, right now other national and international issues are the main focus of attention. The financial crisis and its impetus on the global economy is one such issue. Its full impact on global economy is not evident yet. But one thing is clear: more resources will be tied up to weather it.

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