



Western Balkans challenges and RCC response

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Economic and financial crisis, along with the difficult heritage of 1990s, shows the fragility of transitional democracies in South East Europe, particularly in the Western Balkans. The struggle between going forward and lagging behind is continuously taking turns in our region. Its average GDP is currently at only 38% of the EU's average. It is a scary figure and it shows how drastic is the influence of the economic and financial crisis on this region.

It also means that the gap has been widening, and the region has been unable to catch up with the more developed parts of Europe. It reveals potential for further frustrations, street protests, instability. This is neither in the regions nor in Europe's best interest.

South East Europe is in a sort of upheaval at the moment. It is not the only troubled region in Europe these days, as you well know, but that fact does not make us feel any better. Frustrations with political elites, high unemployment, corruption, have taken people to the streets, to demand demise of the elites and a new social order, new social contract.

Not everything is bleak, of course. Positive examples offer a guideline to the future.

Croatia is the region's major success story: a member of the EU since July this year. In the process, the country has demonstrated the importance of dialogue and cooperation with neighbours. Domestically, civil society, media and ordinary people have become less and less tolerant to issues such as corruption and nepotism, and take much more active role in demanding a societal change and accountability from state institutions.

In the dialogue facilitated by the EU, Belgrade and Pristina have reached very important agreements which are to be implemented in good fate. Consequently, Serbia has been given a date to start accession talks and Kosovo* to start preparation of the Stabilisation and Association Agreement with the EU. Montenegro has recently started EU accession talks. In Albania, we have seen elections which brought a change and have not been contested.

Almost two decades after the end of wars in the Western Balkans, ordinary people want the focus on present challenges; they want immediate actions to be taken by

the authorities. The economic and financial crisis has made lives of the poorest impossible and practically destroyed the middle class. The majority is unemployed. Those who do have jobs, work for low salaries with constant fear of unemployment.

The economy, a good standard of living, the ability to afford good education for children, and the ability to get good healthcare is at the heart of every person in our region, as elsewhere in Europe. When that is under threat or inaccessible, people yield to destructive tendencies: they tend to seek solutions outside of institutions, nationalism rises, and corruption flourishes.

We see three ways to counter the mentioned challenges:

- Wise national leaders who look beyond daily politics, who genuinely want to see their countries move forward, who have a vision and courage to take bold decisions.

This is already happening: bilateral and multilateral meetings on the highest level have intensified across the region recently. These meetings increase trust and confidence, prepare ground for resolving bilateral issues and open up possibilities for practical cooperation. The brave politicians need support both within and outside the region, while they take responsibility for their countries' destiny, and try to seize opportunities for progress.

- EU enlargement as a powerful tool to counter negative tendencies. Yes, the primary responsibility for our region rests with us who are from the region, but the outside incentive is still much needed. And the EU enlargement is the most important such incentive. Events of the recent past have revealed that EU membership does not solve all problems and that accession-related reforms should be coupled with sound economic, fiscal, social and other structural policies that will help our countries reach an equal footing with the rest of the European family. Still, EU accession remains one of the most relevant stability policies for the Western Balkans. The EU's key financial pre-accession support mechanism, the Instrument for Pre-accession Assistance (IPA), can play an important role in this context.

We want to achieve a maximum level of consideration for the region's interests in designing the IPA II, for the

2014-2020 period. We want the region's voice to be heard. We expect that the RCC will be consulted in the process of making decisions about the use of these funds at the regional level. This is a practical way to maintain EU integration dynamics, enhancing at the same time the region's stability. This also testifies to the EU's permanent support and commitment to the inclusion of the entire Balkans, just like it was decided ten years ago in Thessaloniki.

- Regional cooperation, as an important EU membership precondition, but also as a means to foster dialogue, exchange and stability among the countries.

The countries of the region are aware of the advantages of regional cooperation and the unavoidable and necessary links between and among them. Regional cooperation and good neighbourly relations are also consisting parts of the Stabilisation and Association Agreement signed by countries aspiring to become EU members. The RCC contributes to preparing European Commission's reports that evaluate progress of the countries in the accession process.

This last point leads me to the Regional Cooperation Council, and what we have been doing, and intend to do, in order to help improve the situation in our region.

Over the last five years of the RCC's existence, we saw important steps forward in connecting the region: joint infrastructure projects, constant increase of the level of cultural exchange, cooperation in the fields of justice, home affairs, security, education, science, healthcare, media. And we all know that the improvement of cooperation, of economic and cultural bonds also leads towards economic growth, which in turn helps eradicate corruption and strengthens stability and the rule of law.

The RCC has played an important role in this process, and will continue to do so. We will continue to work on creating an environment where, with respect to mutual differences, we will be able to adjust our own interests to those of our neighbours, and profit from that synergy. We are proud to have ensured all-inclusiveness in our activities, to show that the region is able to take responsibility for its own future and create conditions for overall progress in the spirit of

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tolerance and cooperation. We find it important to foster regional stability for the sake of citizens in our region and the quality of their lives. We believe that by advancing European and Euro-Atlantic integration we will reach that goal faster.

By now we have a solid foundation, but we have to look into the future.

For several years now, the RCC has paved the road for the South East Europe (SEE) 2020 growth and development strategy. We have been actively working on it since November last year, when ministers of economy from the region adopted the strategy's main targets. Our basic goal is to improve living conditions in our region and bring back to the region a focus on competitiveness and development of each country and the entire region. In that sense, this document leans on the EU strategy *Europe 2020*.

Let me mention the most important goals of the strategy to be reached by 2020: employment growth from 40% to 45%, increase in mutual trade by 230%, the rise of the region's GDP from the current 38% to 46% of the EU average. We also want to see an increase in the foreign direct investment inflows in the region by 120% and an additional 300,000 highly educated people on the job market, with a realistic perspective to get decent jobs. To make this happen, production, trade, investments and education must be improved, and our national governments must be far more efficient than they are nowadays.

We want to create a harmonised framework in the regional cooperation process, where all participants have clear roles and responsibilities in achieving the agreed goals. This is why all relevant regional organisations participate in the strategy development under RCC auspices, such as CEFTA, Energy Community, Health Network, Education Reform Initiative. Of course, national institutions have a key role: ministries of economy, education, employment, healthcare, justice, culture, environment, relevant agencies. International organisations, such as the EU, the OECD, the Council of Europe, and the World Bank will also provide support. The ministers of economy are expected to adopt the SEE 2020 strategy in November 2013. ■



Participants at the second meeting of the SEE 2020 strategy coordination board, held under the auspices of the RCC in Sarajevo July 18 2013

** This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.*