

Remarks by the High Representative, Christian Schwarz-Schilling at the Regional Table of the Stability Pact

Southeast Europe: A New Coherence and A New Confidence

Ladies and Gentlemen,

Dynamic organizations evolve and adapt – I am particularly pleased therefore to be here in Belgrade at a Stability Pact meeting which will focus on agreeing the optimal configuration for the organization's future.

Change is needed so that the Stability Pact can build on the solid achievements of its first seven years and so that it can maximize the progress that is possible in the coming years.

I believe that Bosnia and Herzegovina – host of the first Stability Pact Summit and a key player in the process since then – can play a constructive role in changing the Stability Pact structure and re-thinking its overall aims.

I have never personally doubted the value or, indeed, the strategic *necessity* of the Stability Pact. As a matter of fact I lobbied energetically with Chancellor Merkel and with Foreign Minister Steinmeier to maintain the German Government's full engagement in the project. This is something I have also done with other European governments.

I believe we have reached a point where the indispensable role of the Stability Pact is now accepted in the European context,

and I would like to express my appreciation in this respect to Chancellor Schuessel. The Austrian EU Presidency has maintained the focus on Southeast Europe in a sustained and productive way.

As the International Mediator for Bosnia and Herzegovina I worked on a variety of issues with Pact Coordinators Bodo Hombach and Erhard Busek, (Dr Busek and I were party colleagues for many years). Invariably we were able to achieve progress at the *local* level by exploring and exploiting opportunities to create positive developments at the *regional* level.

This is an aspect of the Stability Pact's work that should always be kept to the fore – it is directly relevant to improving conditions *on the ground*.

Now, as the International Community's High Representative for Bosnia and Herzegovina, I remain wholeheartedly committed to a broad and active engagement with the Stability Pact's work.

Those of us who were present when the Pact was adopted in Cologne in 1999 and when the first summit was convened in Sarajevo later in the same year are well aware that it has achieved more than many skeptics believed possible, and less than many advocates hoped for.

The regional free-trade process has begun to create a recognizable economic community in Southeast Europe. Importantly, this community is based not simply on geographical synergies or well-established trading links. It is based on common elements of political and economic transition. The Stability Pact has been effective in highlighting and fostering *new* synergies and *new* trading links.

This I think is the context in which the process of promoting regional free trade can best be understood. It is not about *imposing* a liberal trade regime on Southeast Europe; it is

about responding to the *possibilities* created by the successful liberalization of domestic markets. Free trade on its own will not bring prosperity, to the region or to any part of the region, but free trade as an adjunct and a logical product of market reforms *can* help to bring prosperity.

The point at which this process becomes valuable is the point at which it begins to deliver tangible benefits to citizens – and we are already beginning to see that point reached, to different degrees in different countries.

With free trade, as with infrastructure development, human-rights protection and the war on organized crime, the Stability Pact is pursuing initiatives that are predicated on the reality on the ground.

In each country the reality is different – but this does not mean that some countries in the region may have less need for the Stability Pact than others.

It is simply an illusion to believe that certain economies can prosper while neighbouring economies stagnate.

We in the region are faced with a basic fact of economic life. We can all get rich together or we can all stay poor together.

The Stability Pact is pointing to a way in which we can all achieve prosperity. It is not hampering the efforts of any country to integrate further in Europe. In fact the exact opposite is the case. The Pact is helping to “fill in” Europe – to help prepare for eventual membership those countries that lie within the existing borders of the EU but have not yet joined.

The integration process and the Stability Pact process are complementary not competing. No one is going to integrate faster in Euro-Atlantic institutions by *downgrading* the importance they attach to Stability Pact initiatives.

Now, I mentioned earlier that the Stability Pact has done more than skeptics predicted and less than optimists hoped for. It is true that the Pact has begun to articulate a vision of Southeast Europe that is both positive and based on economic reality. But I am not sure that it has yet achieved the kind of “re-branding” of the region that is essential if we are to secure comprehensive and sustained economic expansion.

This re-branding is a difficult task, as we know only too well in Bosnia and Herzegovina, where much of our energy now goes into persuading international investors that the economic and physical wasteland of a decade ago has been transformed into a viable commercial environment.

In BiH we are beginning to communicate this message successfully. I believe the region as a whole can learn from our experience.

Southeast Europe must present itself to its partners elsewhere on the continent and further afield with a new coherence and a new confidence.

We need to reach a point where we can say “Think Southeast Europe: Think Dynamism!” “Think Southeast Europe: Think Rapid Economic Growth!” “Think Southeast Europe: Think Enterprise!”

This is about substance but it is also about image. The Stability Pact is ideally placed to help mould and communicate a new image for Southeast Europe.

Bosnia and Herzegovina long ago ceased to be a byword for mayhem and is increasingly being seen as a model of postwar recovery. This is consistent with our new reality. A similar transformation in the image of Southeast Europe – from modest growth to high growth, from tentative interaction with the rest of the world to self-confident interaction – will also be consistent with the region’s reality.

In this respect I believe Sarajevo must be viewed as a strong

contender to host the secretariat of the reformed Stability Pact.

What is clear is that the Stability Pact is changing because the region is changing – both of these changes are positive. I am convinced that Bosnia and Herzegovina can play an important role in this positive change.

Thank you