

# Opening remarks by Wolfgang Petritsch at the Stability Pact Working Table meeting on Economic Reconstruction, Development and Cooperation

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Ladies and Gentlemen,

Bosnia and Herzegovina has had to overcome many obstacles before participating actively in the process of regional cooperation, yet it is now fully engaged at every level. It is a source of particular satisfaction to see that Sarajevo, the city that witnessed the birth of the Stability Pact in 1999, is now hosting a senior-level working meeting on economic issues that affect the whole of Southeast Europe.

I would like to commend the work that has been done by the Ministry for European Integration to organise this conference and for leading Bosnia and Herzegovina's efforts to participate in the Stability Pact's institutions. Policy formulation at the State level requires constant and often time-consuming coordination, yet the end result is a coherent engagement in the international arena which can only benefit all the citizens of Bosnia and Herzegovina.

May I draw your attention this morning to one aspect of Bosnia's political experience which I believe can usefully be shared with other countries in the region. The Dayton Peace Agreement formulated a complex system of devolved government. Harmonising the legal and economic systems of the two Entities, creating especially a Single Economic Space, involves continuous debate and – increasingly – a willingness to solve problems to mutual advantage.

This mirrors, in a way, the process which has been launched at the regional level. As in BiH, so in Southeast Europe generally, there is a convergence of agenda. This convergence is focused in a very significant way on economic development and more generally on full partnership with Europe.

Can we all move – with our different cultural sensibilities, political particularities and economic capacities – in the same direction?

I believe we can.

Almost everyone now agrees that higher private investment, both domestic and foreign, is a requirement for further growth and stability. It will be essential, among other things, that countries of the region upgrade their commercial legislation to make it compatible with European standards. This means that their legislative frameworks will become increasingly similar and compatible. Moreover, if one country successfully attracts investment, its neighbours stand a good chance of benefiting. Economic growth in any of the Stability Pact members has the potential to increase that country's demand for goods and services from its neighbours. In addition, foreign investors who enter one market will logically take a closer look at the opportunities which may exist in neighbouring markets. That may indeed be part of their core strategy.

However, this will require sustained engagement and effort on the part of each country. Each has the responsibility of

participating and making good on its commitments. Your discussion later this morning on the implementation of the trade liberalization MoU will provide a significant opportunity to do just that.

Bosnia and Herzegovina, which came late to the regional process, has shown that it too can take the initiative. Just yesterday, the four ministers representing countries adjoining the Sava River agreed on measures for the re-opening and sustainable management of the river.

Work to restore port facilities in Brcko has already been completed, with valuable assistance from the Government of Italy, and BiH has been at the forefront of coordinating efforts to make the river once again an essential trade waterway.

It will no longer be a symbol of division but one of opportunity for all the countries along the river. As such, the "Sava River agreement" reached yesterday exemplifies the benefits of regional cooperation.

Another area where Bosnia and Herzegovina has taken the lead, at least in terms of the countries of former Yugoslavia, is in modernising its financial sector, by abolishing the old communist-era payment bureaus and replacing them with a modern commercial banking system. Citizens have begun to entrust banks with their deposits, providing the banking system with a reserve of funds for loans and investment. We are witnessing now a revival of the banking sector, and this is an area where BiH has taken the lead in South East Europe.

It is this kind of experience which countries in the region can usefully share, and indeed the exchange of information under the Investment Compact has already given a dimension of coherence to policy formulation by the Stability Pact countries.

Success stories in each of the Stability Pact countries will

generate a regional image that benefits all. During the ascendancy of the “Asian Tigers” the whole of Southeast Asia was viewed as a single investment-friendly growth sphere. Time has come to expect Southeastern Europe to become a region that is having Europe’s attention not because of trouble but because of accelerated economic growth. I hope the work of this conference will bring that outcome a step or two closer.