

Address by the Prime Minister of Serbia, Mr. Vojislav Koštunica

Bucharest, 6 April 2006

Distinguished Ladies and Gentlemen,

On behalf of the Government of the Republic of Serbia and in my own name, I feel honoured and pleased to take part in today's meeting, which constitutes a significant step towards the creation of a single market in this part of Europe and which offers yet another opportunity to all of us who live here to demonstrate readiness and commitment for continuing our cooperation and creating conditions for a better life for all our citizens.

My special appreciation goes to the Government of Romania for the excellent organization of this gathering and for the hospitality accorded to us.

The primary objective of the state union of Serbia and Montenegro is to become part of European integration processes, that is, to accede to the European Union. It is therefore my great pleasure to see here our distinguished friends from the EU, whose presence testifies to Europe's interest in seeing the countries of this region become members of the European family of nations as soon as possible.

I would like to emphasize that it is particularly important that our neighbours, countries like Romania and Bulgaria, with which we share traditional friendship, similar cultures and a similar historical experience, will soon become full-fledged members of the European Union.

Today, we share a common vision of a united Europe, based on clear-cut values, the spirit of unity and respect for differences.

Serbia is currently engaged in three negotiating processes that are of paramount importance for our country: SAA negotiations with the European Union, negotiations on joining the World Trade Organization and negotiations aimed at concluding a single multilateral agreement with the countries of South East Europe. These processes are also important for the key reform steps in Serbia, which are essential for the promotion of a proper economic environment aimed at attracting additional foreign investments and enhancing the competitiveness of our economy on the foreign markets, thereby creating adequate conditions for its growth and development.

As the key component of European integration processes, regional cooperation constitutes a priority for the Serbian Government, which attaches great importance to the creation of a single free trade area in South East Europe. The agreement on its establishment has numerous advantages over the existing 31 bilateral agreements: it lends itself to easier and more efficient implementation, contributes to harmonization, transparency, stabilization and predictability and increases the interest of foreign investors in the region.

Especially importantly, it ensures a more consistent implementation of the obligations undertaken by putting in place dispute settlement mechanisms and compliance with WTO provisions. It shall also cover new areas that will gradually create more favourable conditions for cooperation in the sectors of services, intellectual property and public procurement. It is particularly important that an institutional framework shall be established to monitor the management and efficient implementation of the agreement. Allow me to propose that in addition to the Joint Committee a Secretariat be established whereby the countries in the region would acquire full and efficient ownership of the process.

It is also very important that the single agreement would cover all the countries of the region, given the future membership of the EU of Bulgaria and Romania, and the envisaged further and gradual liberalization of trade. In that way, the process of joining EU integrations will be made easier for other countries as well, and for Serbia and Montenegro specifically, it would facilitate its accession to the WTO. The agreement also creates favourable conditions for the development and diversification of trade, increasing employment opportunities, increasing competitiveness and the more efficient application of know-how, research and development, which will contribute towards the region's prosperity and stability. Equally important, in my view, is to promote the free movement of people to the largest extent possible, by relaxing visa regimes both within the region and with the EU countries.

I believe that I have every reason to underline that today the overall political, economic, legislative and administrative framework for doing business in Serbia is becoming increasingly consonant with the EU system and standards, and consequently providing a more favourable and

attractive setting for business operations. During last two years, over 200 new laws were adopted and the focus now is on their consistent implementation. Political and macroeconomic stability is being achieved, in parallel with enhanced efforts to intensify reforms and ensure the country's integration into international and regional institutions and organizations. Leading international institutions have given the highest marks to the reform processes in Serbia, and a recent World Bank study describes Serbia as the country which has undertaken the fastest and most efficient reforms in the period under observation.

In the period ahead, the Government of the Republic of Serbia plans to continue comprehensive economic and administrative reforms aimed at keeping inflation under control, chalking up a budgetary surplus, completing privatization, increasing foreign investment, ensuring transparency, predictability and stability for the business environment, promoting quality of products and competitiveness, stepping up living standards and reducing indebtedness - in a nutshell, building a modern and vibrant economy upon foundations of democracy, the rule of law and respect for human rights.

To make the plans that we are discussing today a reality and to sustain economic prosperity, we are all duty-bound to safeguard political stability, so that all the people in our region, irrespective of ethnicity and religion, can live in freedom and peace.

Regrettably, we cannot be said to have met this minimum but indispensable requirement for the peaceful development of our region, because human rights and freedoms are today being blatantly violated in Kosovo, which is the only place in Europe where people are being

deprived of their basic human rights, primarily the right to life and freedom, solely on account of their ethnicity and religion. Testifying to this are daily reports on attacks on Serbs and the non-Albanian population in the province. Threats, pressure, blackmail, murder, destruction of property and persecution are an everyday occurrence for the majority of Serbs there.

Serbia is resolutely calling for the respect of the principles of international law and democratic values upon which the entire European order rests. Let me particularly stress that Serbia attaches great importance to the fact that our neighbours support the preservation of peace and stability in the region by advocating respect for the generally accepted principles of international law which guarantee the inviolability of borders and the sovereignty and territorial integrity of internationally recognized states.

And because of all that I am confident that the solution for Kosovo can only be a European solution, namely, guaranteeing substantive autonomy for the province within Serbia. European experience teaches us that similar problems have been addressed successfully by finding the proper measure of autonomy. Equally, European experiences attest to the fact that it is inconceivable to redraw the borders of a democratic country contrary to its will and to wrest away a part of its territory. Violence and an imposed solution can bring no good, and least of all can they bring a durable solution that will bring the badly needed stability to the region. Compromise and agreement are the only right paths and Serbia is fully committed to having a stable and historically just solution found through negotiations.

Allow me, in conclusion, to reiterate the resolve of my Government to fully support the process of overall economic and political cooperation in the region and to express my conviction that the period ahead will bring us all further prosperity.

Thank you for your attention.