



STABILITY PACT FOR SOUTH EASTERN EUROPE



Regional Table of the Stability Pact 16 November 2005, Prague

Chairman's Conclusions

The Regional Table of the Stability Pact for South Eastern Europe met under the chairmanship of Special Co-ordinator Erhard Busek on 16 November 2005 in Prague.

The year 2005 has seen important developments in South Eastern Europe (SEE). The Regional Table congratulates Croatia and Turkey on the start of accession talks with the EU and the former Yugoslav Republic of Macedonia on the positive Avis and recommendation for candidate status received from the European Commission. Together with the negotiations on a Stabilisation and Association agreement with Albania being well on track, those with Serbia and Montenegro recently started and the prospective opening of such talks with Bosnia and Herzegovina this is a clear sign that the European Union is firm on its commitment to the region. Also Moldova signing the Action Plan with the EU as part of the European Neighbourhood Policy is a positive development.

The Table underlined the necessity of trans-Atlantic cohesion in the months ahead with important decisions on the future of the region at hand.

The year has also been important for the Stability Pact. Recent progress in several South East European countries, in particular with a view to their EU and NATO integration, has increased the political momentum for a reassessment of the role of the Stability Pact and its fields of activity. With the EU integration process becoming more and more a reality in the region, the Stability Pact as one of its facilitators has to adapt its priorities and mechanisms accordingly. The Regional Ownership process started at the last Regional Table in Sofia has moved this reassessment ahead significantly.

The Table welcomed the first report of the Senior Review Group as a basis for its discussions and looks forward to the second report with recommendations on the way ahead in advance of the next Regional Table in late spring.

The Table agrees that there will be a continued need for a regional co-operation process within the region and between the region and international partners, in particular the European Union and welcomes the deliberations of the Senior Review Group and the countries of South Eastern Europe in this direction.

The Regional Table fully supports the initiative of Special Co-ordinator Busek to focus on enhancing regional ownership as a means to ensure the sustainability of co-operation processes established in the framework of the Stability Pact.

The Table encourages the efforts of the Special Co-ordinator to review the activities of the Pact, focusing on those which are of particular interest to the countries of the region and are a priority in the European integration process of SEE.

Further to the assessment of the Belgrade meeting of Regional National Co-ordinators, the Regional Table asks the countries of the region to further define their priorities with regard to regional co-operation as well as the resources available to take greater ownership for these activities.

The Table asks the Special Co-ordinator and task forces and initiatives to continue the on-going assessment of regional ownership and recommend individual strategies, timelines and required resources for each of them in view of the overall regional ownership strategy.

Based on the above assessments, the Regional Table in May 2006 should be in a position to come to conclusions on the future priorities and corresponding set-up for implementation.

The Regional Table stressed that a number of criteria need to be addressed by any future regional framework: strong leadership by the countries of the region; strong involvement of the EU; and involvement of non-EU donor community during the transition process towards regional ownership.

The Regional Table welcomed the Annual Report on Stability Pact activities in 2005 and reviewed the conclusions of the Working Table meetings and the progress made in the Pact's activities. Participants appraised the efforts undertaken in the six core objectives and the overriding security area. It also considered how best to overcome obstacles in implementation. For each Working Table, participants noted the following:

- **Working Table I (Democratisation and Human Rights)** continued to pursue its efforts directed towards strengthening democracy in the region. SEE countries noted the importance of the legislative branch in the Euro-Atlantic integration processes. In particular Parliaments need to facilitate judicial reform, parliamentary oversight of budgetary expenditure and the necessary reforms in the security sectors. Parliamentary networks have been strengthened considerably and a Western Balkans COSAC has been established in June. Local Democracy and Cross-border Co-operation have progressed steadily, with continued support being given to NALAS, which held its first General Assembly in September 2005 in Skopje. The field of Gender was highlighted by the Table as a vital cross cutting issue. In particular, recent activities looking at social dialogue and parliamentary co-operation from a gender perspective illustrates this fact. In the field of media efforts in initiating and promoting the development of media legislation have recently led to the adoption of the new Broadcast Law in the former Yugoslav Republic of Macedonia. Finally, in the field of education and youth, the ERI SEE Secretariat is now fully operational. Following a specific request by SEE governments, the Working Table began to develop a mid-term strategy for Stability Pact activities on education and research. Under the broad heading of "Building Human Capital", the discussion has begun on the added value that the Stability Pact could bring.
- **Working Table II (Economic Reconstruction and Development)** participants noted several significant developments in the past few months. The signing of the international treaty between the EU and SEE countries on the Energy Community in Athens on 25 October marked a watershed in terms of regional co-operation, economic reform and integration into EU and international structures. The agreement to pursue a single Free Trade Agreement announced by SEE Economic Ministers in June will boost trade in

the region and complement the more comprehensive approach to investment reforms also endorsed by Ministers at the same meeting. Ministers responsible for Information and Communication Technologies (ICT) reaffirmed their commitment to exploiting ICT to expedite economic reform. In October Ministers responsible for Employment assessed the considerable progress made to date in upgrading employment policies to ensure they are both business friendly and in accordance with EU standards. Progress has also been made in developing the regional institutional framework for co-operation including the South Eastern Europe Transport Observatory (SEETO), the Regional Health Network and regional capacity building programme for housing. The Working Table II discussion focused on the improving business climate in SEE where, according to the just published EBRD Transition Report, FDI in 2005 is expected to reach € 10 billion – a substantial increase, albeit unevenly spread among the countries. The overall business environment has improved, although obstacles are still higher than in CEE. The meeting noted the EBRD's assessment that the implementation of reforms has been uneven in the region, with some slowdown in EU candidate countries and urged all countries to redouble their efforts. The meeting also reviewed the Investment Compact's strategy for improving reform implementation and investment promotion through regional co-operation including enhanced monitoring and peer reviews, better public/private dialogue and support for parliaments. The complementarity between different Working Table II initiatives was highlighted particularly between those addressing trade liberalisation, investment climate, infrastructure development and social policies.

- **Working Table III (Security Issues)** reviewed progress in regional co-operation and towards regional ownership regarding fighting organised crime and corruption. In a keynote address the Special Coordinator urged partners to assign top priority to combating corruption as well as the activities of transnational criminal organisations, which are hindering economic and social development and might endanger the accession prospects of individual SEE countries. Stability Pact Task Forces and international partners should promote and support regional law enforcement networks and stimulate co-operation among specialised public prosecutors in SEE. Working Table III Task Forces have made considerable progress towards regional ownership, as demonstrated by the establishment and functioning of six regional secretariats. Each of these, including MARRI which was already formally transferred to regional ownership in 2004, will need continued support from international partners, in particular the EU, through policy guidance and financial means, as well as increased political and material support from SEE governments to ensure their sustainability and operational effectiveness. Regional co-operation on defence conversion is also moving to the implementation phase, with the support of international partners and with a new role for the regional Arms Control Verification and Implementation Assistance Centre in Zagreb as a regional forum for defence conversion, and with the growing recognition of the South Eastern European Small Arms Control Centre as regional tool, not only to fight the spread of illicit small arms and light weapons but also as a technical support mechanism for the destruction of surplus military stockpiles. The Special Co-ordinator has called upon SEE governments to announce a voluntary moratorium on the export of surplus military weapons and ammunition, following the example of Bosnia and Herzegovina.

Based on the review of Stability Pact activities in 2005, the Regional Table endorsed the proposed set of Core Objectives and respective Achievables (attached) as the work plan for 2006. Security and Defence related issues will also remain a core area of activity of the Stability Pact as agreed in the Sarajevo Summit declaration.

Notwithstanding the importance of the regional ownership process, the Table stressed that the substantive work within the Working Tables should be pursued with the same degree of engagement by all involved parties.

The Table took note of the interest of the countries of the region to consider an enhanced engagement of the Stability Pact in the area of building human capital, in particular with regard to capacity building.

Considering the initiation of talks on the future status of Kosovo, the Table requested the Special Co-ordinator to continue to foster the integration of Kosovo into regional activities in full compliance with UNSC Res. 1244 and to continue to facilitate sub-regional dialogue involving all interested parties in relevant Stability Pact activities, based on its inclusive regional and multilateral participation.

The Table thanked Goran Svilanovic, Fabrizio Saccomanni and Janez Premoze for their personal commitment and dedication as Working Table Chairs during the last year, as well as Marin Molosag of Moldova and Haluk Ilıcak of Turkey as Regional Working Table Co-Chairs. Participants expressed their gratitude to the Czech Government for hosting the meetings in Prague and agreed to hold the next Regional Table in Belgrade in May 2006.