



**STATEMENT BY THE DIRECTOR OF WORKING TABLE III ,
PIETER VERBEEK,
AT THE FIRST MEETING OF THE RACVIAC DEFENCE
CONVERSION WORKING GROUPS.**

ZAGREB. 06th December 2005.

1. Congratulations to RACVIAC, General Papatitis in particular, for organising this first meeting of the RACVIAC DC working groups. Only 8 months ago RACVIAC was requested by the SEE Ministers of Defence to put DC high on its agenda and to establish three working groups. To prepare for this, with the consent of the MAG, has been quite a job, and indeed a joint effort of RACVIAC and its partners. Let me mention specifically, the two Co-Chairs of the Stability Pact DCI, Frederique Jacquemin and General Henny van der Graaf, as well as our friends from DCAF and BICC and many others, including my colleagues Jiri Kalasnikov and Melanie Pollard.
2. Let me also express appreciation to our colleagues from Croatia, Bulgaria and BiH, who have agreed to be available for chairing the three working groups during the first year. They will be supported by a partner organisation or country: by respectively DCAF, NATO and the Czech Republic and also by a small team of experts from Croatia, Hungary, the Czech Republic, the UK and hopefully Sweden, as well as by other experts on an ad hoc basis.
3. For the Stability Pact Defence Conversion is a core activity. DC is a crucial part of defence reform. DC is also an important part of enhancing social and economic development by finding new employment for military personnel in the civil economy and by finding new civil use for land, real estate and even former military industries etc which had become redundant. As generally recognized, to make DC successful it is necessary to include; a) The people and local communities involved directly, b) The ministries involved both in defence and economic policies, c) Expertise from international organisations, d) Expertise from countries which have gone through DC, e) IFI's and f) The private sector.

I have been told that, in our working groups most of these groups are already represented. Some will follow later, as we hope; the private sector may of course, be interested in specific projects, but these need to be developed first.

4. Let us try to make also maximum use of the experience and lessons learnt in SEE with DC so far. Some countries have already gone quite some way. Some donors have already made important contributions to specific DC projects in SEE. Some international organisations, NATO in particular, have ongoing country working groups, and DCAF has been working for more than two years with the Western Balkan countries on the issue of retraining former military personnel. Let us look for the synergies and avoid duplication and let's learn from each other.
5. What should we expect from the WG's and what would be the most productive approach for them? We should try to find the right balance between sharing



experience and applying that in each country's specific situation; between providing expert assistance and developing practical national policies; between providing financial support and releasing and using each country's 'frozen assets and potential'. DC can only be done by the SEE countries themselves and assistance should focus on learning how to manage DC processes more effectively. Effective management implies also social policies, and transparency, including policies and procedures to avoid corruption. Privatisation and the sale of state property are particularly prone to corruption practises and financial misuse. It is of key importance to develop and implement transparent procedures for selling former MOD properties and to ensure that the proceeds thereof will not be misappropriated.

In short: the WG's should aim at

- Sharing experiences and expertise,
- Supporting SEE Countries in developing comprehensive, holistic national DC strategy (holistic = including social polices and the communities involved),
- Supporting SEE countries to set priorities within national strategies and to develop concrete proposals,
- Facilitating partnerships for such projects,
- Emphasising effective and transparent management techniques concerning the sale of real estate and state properties and avoiding corruption.

These five elements are equally important and also the RACVIAC DC process should not be seen as just another opportunity for seeking financial assistance for projects. The RACVIAC process is intended mainly to assist countries to improve their national DC process, through lessons learned, through technical and managed expertise, and through creating networks of interested partners.

The Stability Pact very much hopes that the RACVIAC process will lead to concrete projects and partnerships by the middle of next year.

6. Two final remarks

- a) DC is part of defence reform. The RACVIAC process will not get into defence modernisation, but will limit itself to converting the personnel and material assets, which have become redundant, to civil use. Our colleagues within the SEEC process, initiated by EUCOM, will focus on the defence reform, modernisation and interoperability dimension.
- b) Destruction of redundant military armaments and ammo is also a part of DC. Also here a significant number of activities have already taken place; at national levels, and with the support of colleagues at NATO, OSCE, and the Stability Pact's SEESAC, and various donors. How to further strengthen these efforts may become the subject of a related process, but not under the supervision of RACVIAC. Later this week a first discussion among the international partners and local nationals will take place in Brussels.

Let me finish by wishing you all a good start of this regional cooperation process on defence conversion. I am confident that with our joint efforts important progress is within reach, in the interest of the people and the communities directly involved and of the economic and social development of the countries of the SEE.