



**Speech of the Special Co-ordinator of the Stability Pact, Erhard Busek
OSCE Permanent Council Vienna, 16 June 2004**

– Check against Delivery –

Thank you for giving me the opportunity to report on developments in the Stability Pact since my last appearance in this forum in May last year. Considering the OSCE's comprehensive concept of security, encompassing issues such as military and civilian security, economic and environmental security, as well as democratisation and human rights, I always come to you with pleasure, knowing that our work is based on very similar concepts and that the Stability Pact has an obvious ally in the OSCE.

I would also like to thank the Slovene Chairmanship-in-Office for its strong engagement in South Eastern Europe. As a country of the region, which has obviously progressed impressively, there is a great understanding for the problems of the region as well as a direct interest in improving the overall situation in South Eastern Europe.

When I spoke to you last year, we were celebrating the fifth anniversary of the Stability Pact and taking stock of the impressive development in South Eastern Europe in this period. The situation in South Eastern Europe is changing continuously and so is the international environment. Most notably in this respect are of course the recent developments in the European Union.

For South Eastern Europe this means that it is more important than ever to make itself heard in a very clear and coherent manner. This leads me directly to topic I would like to focus on today: regional ownership – the need for South Eastern Europe to take charge of its own matters and lobby for its interests.

Regional Ownership is also of crucial importance with regard to the Stability Pact and the different regional co-operation processes we have initiated. The Pact, as we all know, was not created as a permanent institution, but one that should make itself redundant over time, as its tasks are achieved. This means that in order to ensure sustainability of the regional co-operation processes established under the auspices of the Stability Pact, they have to become self-reliant at some point.

This of course does not mean that the Stability Pact will close its doors tomorrow. There are still important tasks to be fulfilled and to move out of established processes at a premature stage would be irresponsible, yes indeed problematic for the stability of the region. Building up regional ownership and the necessary institutional capacities is a process and will take some time. What I want to flag today is that defining this process and bringing it forward should be a joint priority for all those involved in the region and those supporting the region.

I think we have already come quite a way on this path of enhancing regional ownership. As a first step – and I have pursued this ever since I took over as Special Co-ordinator – we have moved more and more Stability Pact activities to the region. A number of Regional Centres have been established throughout the region. But establishing these centres is of course only the beginning.

What comes next is to secure a stronger regional buy-in to these centres through concrete resource commitments, be it financial, staff or through providing offices. Only

with a growing contribution by the region to the budget and personnel of these centres can we really speak of regional ownership. Only very few centres are already at that stage. Projects would certainly still require donor support but the region would then own the bulk of the initiative's day-to-day work.

A third and final step is the move from regional ownership to regional leadership, with more and more of the actual policy making and political guidance of the centres being done by the region and not by internationals. In some centres we are already seeing signs in this direction, but considering the limited administrative capacities and specialised expertise of most of the countries in the region it is not surprising that these are clearly the exceptions.

In order to enhance regional ownership, there are certain general requirements, which need to be met:

- First of all, without a degree of political commitment it is not possible to enhance regional ownership. This is a sine qua non for regional ownership;
- Secondly, regional centres are still often staffed with internationals even though qualified personnel are by now available throughout the region. Secondment of staff from SEE countries for a certain period of time should be seen as a way to enhance regional ownership and build human resources at the same time.
- Thirdly, organising regional co-operation is a task that requires significant administrative capacities, capacities that are still somewhat scarce in most countries of the region.
- And finally, the budgetary constraints in all of the countries of the region are well known and it is certainly not intended to overburden anyone. Nevertheless, a degree of financial commitment also leads to a stronger buy-in.

Apart from the establishment of these Regional Centres, regional initiatives such as the South East European Co-operation Process are important for regional ownership. The Stability Pact has been and continues to work closely with the SEECP. We stand ready to support the SEECP wherever this is requested on its path towards developing a more operational role, but this depends first of all on the profile SEECP wishes to develop.

Coming to the co-operation between the Stability Pact and the OSCE: In past and present, many Stability Pact initiatives are working very closely with OSCE institutions, most notably with the field missions in South Eastern Europe. Here we have a partnership truly based on comparative advantages - the Stability Pact can offer its regional approach and issue-specific expertise, whereas the OSCE Missions can provide country-specific expertise and an invaluable presence on the ground. My Deputy Michael Mozur has participated in the recent Regional Heads of Mission meeting, which provided a useful venue for an exchange of experiences and highlighted a number of areas where closer co-operation would be fruitful.

Also on a more general level, I think there are many areas where the regional activities developed within the Stability Pact provide interesting experiences which could be of use for other regions within the OSCE framework. While I do not consider it feasible to copy the Stability Pact concept as such, certain lessons can be drawn for regional co-operation processes in other regions. In South Eastern Europe, as in other regions, many problems are of a regional nature and can only be addressed together. Be it in the area of fighting organised crime and illegal migration, in the area of

democratisation and particularly building links across borders, or in the economic dimension regarding trade facilitation and attracting investment. Even though I strongly regret to see him leave the Stability Pact, I am therefore certain that Bernard Snoy is the best choice the OSCE Secretariat could have made to further develop the economic and environmental dimension of the organisation.

Allow me to give you a few highlights of our work in the course of the last year as well as areas of successful cooperation between the OSCE and the Stability Pact:

- In the area of Parliamentary Co-operation we are aiming to build capacity of parliaments in the region to enable them to live up to the growing responsibility in the course of the European integration process. A number of OSCE Missions play an important role in preparing the parliaments for this important task through training and capacity building. In addition to that, linking up the different parliaments in the region in order to share experiences and build networks is of crucial importance.
- At the Zagreb Ministerial Conference on Effective Democratic Governance at the Local and Regional Level, in October 2004, the governments of the region adopted a Memorandum of Understanding, which contains a clear commitment to reform public administration procedures and to eventually transfer more competencies to regional and local levels. They prepared, and pledged to implement comprehensive domestic Work Programmes, which extend to capacity building, fiscal decentralisation, local economic development and social cohesion.
- Regarding the important field of enhancing trade and investment in the region, at a Ministerial meeting in Sofia last week the countries of the region have committed themselves to undertake preparatory work on a single free trade agreement with a view to launching negotiations early next year and concluding them in the course of 2006. The benefits of a single FTA would be substantial: by providing traders and investors with a simplified, transparent and consistent framework for business relations, the agreement would greatly enhance the ability of the region to attract increased inflows of foreign direct investment and stimulate regional trade while synergies between trade and investment would contribute to increased employment and economic prosperity.
- Another important step in the field of economic development in South Eastern Europe was taken a few weeks ago toward the integration of the regional energy sector. By initialling the Energy Community Treaty aiming at creating an Energy Community in South Eastern Europe, the countries of the region will be given the full benefits of the EU internal energy market. In practical terms this means that the countries in SEE will be able to trade electricity and gas among each other and with any EU Member States under the rules of the *acquis communautaire*. In essence, this is a sectoral enlargement of the EU before actual enlargement.
- In the field of migration and visa facilitation, which is of course at the heart of many people in South Eastern Europe, the Regional Forum of the Migration, Asylum and Refugee Regional initiative – known as MARRI to most of you – has met in April. The five Western Balkan countries involved in MARRI have agreed that if SEE wants to move closer to European integration and develop economically, efforts to promote labour mobility within the region must be stepped up. The objective is to develop common grounds for bilateral and regional co-operation towards reducing irregular labour migration flows. At the same time the countries expressed their readiness to enter into a dialogue with the EU in finding concrete measures for easing the current visa restrictions in follow-up to the Thessaloniki EU-Western

Balkans Summit of June 2003. Furthermore, the MARRI Regional Centre in Skopje is fully operation since the end of 2004 and most countries in the region have seconded personnel to the centre – a good sign of regional ownership. I think it was an excellent choice to focus this years meeting of the OSCE Economic Forum on questions of Migration and can assure you that we will continue to work on this issue in close co-operation.

- In the field of Justice and Home Affairs, we have seen closer co-operation with the OSCE missions most recently. The different regional centres established within the framework of the Stability Pact – the Regional Centre of the Anti Corruption Initiative (SPAI) in Sarajevo, the Secretariat of the initiative to fight organised crime (SPOC) in Bucharest, as well as the Small Arms Clearing House (SEESAC) in Belgrade stand ready to provide their expertise and knowledge to OSCE missions on the ground.
- The Ohrid Process for Border Management and Security is a joint effort by the countries of the region, the OSCE, the EU, NATO and the Stability Pact to address the very sensitive issue of borders. Much progress has been made by the countries of the region in moving towards securing their borders in line with EU standards. Most visibly, the process of handing over control of the borders from the military to civilian authorities in South Eastern Europe has almost been completed. Most recently a review meeting held here in the Hofburg has been discussing the next steps within the process to continue this good co-operation.
- The area of Defence Conversion is a field where enhanced regional cooperation is still required. At the Defense Ministerial of the SEECP in March in Bucharest, the importance of defence conversion as a crucial dimension of the much wider transformation processes was highlighted, and has to be dealt with in the context of overall socio-economic development policies. The Stability Pact's Regional Arms Control Verification and Implementation Assistance Center (RACVIAC) in Zagreb was asked to further develop its role as a regional centre for defense conversion.

Without going into further details, I of course have to mention that the work of the Stability Pact in the areas of media and the fight against trafficking of human beings are closely linked to the work of Miklos Haraszi and Helga Konrad within the OSCE framework.

To conclude, let me stress again that due to the comprehensive concepts of security, which the OSCE as well as the Stability Pact are built upon, the two are natural partners. Let me take this opportunity to say farewell to Secretary General Jan Kubis and thank him for the longstanding and excellent co-operation.

I look forward to continuing this close cooperation in the future.

Thank you.